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## UAP 4310: Inter-Departmental Sales

University of New Mexico

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for the period of 12-19-12 to \_\_\_\_\_.

## Administrative Policies and Procedures Manual - Policy 4310: Inter-Departmental Sales

Date Originally Issued: 11-01-1991

Revised: 09-25-1992, 07-01-2004, 08-01-2006, 12-19-2012

Subject to Change Without Notice



Authorized by Regents' Policy 7.6 "University Enterprise Business Activities"

### 1. General

Described herein are policies and procedures departments must follow when selling or purchasing goods or services within the University. Selling departments should establish simple procedures for purchasing goods or services with a minimum amount of paperwork.

### 2. Selling Department Responsibilities

All sales to University departments must comply with "Allowable and Unallowable Expenditures" Policy 4000, UBP.

#### 2.1. Required Documentation

It is the selling department's responsibility to maintain records for all charges generated. Selling departments will provide the buying department with a sales invoice at the time the goods or services are delivered. Selling departments may use the Inter-Departmental Sales Invoice (Exhibit A), a departmental sales invoice, or the University Purchase Requisition. Ideally, the invoice used should serve as both an authorization and a sales input document. The sales invoice must detail the transaction, listing each item purchased and a detailed description of the purpose of each item and/or a detailed description of the function.

Selling departments will retain documentation necessary to substantiate each charge transaction for three (3) years and make such evidence available to auditors, buying departments, and the University Financial Services Office, if requested. Failure to adhere to this policy may result in a reversal of charges and can represent a significant financial loss to the selling department. This documentation should contain:

- the buying department's name and index;
- a description of the goods or services purchased;
- a detailed description of the purpose of each item purchased and/or a detailed description of the function;
- the delivery terms or instructions, if applicable;
- the prices and amounts, including a total of the transactions; and
- the buying department's signature, indicating acceptance of the goods or services.

## 2.2. Timeliness of Charges

Timeliness in entering charges to the buying department's index is important. Selling departments who have frequent inter-departmental sales activity should enter charges to the Finance System daily. For selling departments with less frequent transactions, charges should be transmitted once a week. If a project is expected to last an extended period of time, partial billings are encouraged to keep data current. Any charges not transmitted within thirty (30) days of the date of purchase may not be honored.

## 2.3. Input to the Finance System

All required elements for posting transactions to the Finance System are included in the Inter-Departmental Sales Invoice (Exhibit A). The following elements must be included in all sales input documents:

- the selling department's name and index;
- the buying department's name and index;
- a detailed description of the purpose of each item purchased and/or a detailed description of the function;
- the invoice number established by the selling department; and
- the total dollar amount of transactions to be charged to each index.

Finance System reports will reflect the following information for buying departments:

- a reference number established by the Financial Services Office;
- the name of the selling department and invoice number; and
- the total dollar amount of sales transactions.

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- a reference number established by the Financial Services Office;
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- the total dollar amount of sales transactions.

### 2.3.1. Sales Documents Keyed Directly into the Finance System

Sales data that is not submitted as an electronic batch should be keyed by the selling department directly into the Finance System.

### 2.3.2. Remote Electronic Systems

The selling department should send the data and a batch summary sheet to the University Finance Systems Management Department (FSM) for approval. FSM has electronic transaction procedures for entering invoices to the Finance System through batch jobs. Transactions submitted from a remote electronic system that contains one or more invalid index codes will result in a posting to suspense. The submitting department will be responsible for clearing the suspense in a timely manner. Activity not cleared within ten (10) days will be reversed against revenue by FSM. For more information refer to Policy 2530 "Remote Electronic Input to Finance System."

## 2.4. Capitalized Expenditures

Expenditures for an individual piece of equipment costing over \$1,000, structural remodeling costs, and large building or equipment repair costs must be capitalized. These expenditures must be recorded as fixed assets and equipment should be tagged and added to departmental inventories. Selling departments must, at the time of billing, provide the Financial Services Office with a hard-copy description of the transaction, including itemization of any individual piece of equipment with a value exceeding \$5,000.

### **3. Buying Department**

Authorizing purchases is the responsibility of buying departments and cannot be controlled by selling departments. Thus, deans, directors, and department heads should impose internal restrictions on departmental staff in order to control expenditures. Unauthorized purchases are not grounds for disputing a charge.

### **4. Billing Errors**

Billing errors should be promptly settled between the buying and selling departments. The selling department is responsible for initiating the appropriate correcting entries. Unresolvable disputes will be handled by the Financial Services Office. The University Controller will attempt to resolve disputed charges that become a problem. Should charges be challenged, the selling department must substantiate that: (1) the work was ordered; and (2) the work was performed according to specifications. There will be no arbitrary reversals of charges by the Financial Services Office when the selling department meets these conditions. The appropriateness of expenditure, funding, etc. are legitimate responsibilities of the buying department.

### **5. Oversight and Review**

The Financial Services Office has an oversight responsibility for all accounting transactions and accounting processes used within the University. Although fiscal responsibilities have been delegated and decentralized to both buying and selling departments, the University Controller will periodically test and review transactions and processes to ensure the accountability and integrity of the Finance System. The Financial Services Office will, on request, assist selling departments in setting up and creating the appropriate policies and procedures needed to maintain internal accountability.

#### **5.1. Exceptions**

Any exceptions to this policy must be approved in advance by the University Controller.

### **6. Attachments**

Exhibit A - Inter-Departmental Sales Invoice