UT
THE UNIVERSITY of TENNESSEE

BUSINESS
Management Guide

For Department Heads, Program Managers, and
Principal Investigators of Sponsored Projects

CHATTANOOGA

KNOXVILLE

MARTIN

MEMPHIS

FROM THE DIRECTOR

The University of Tennessee Business Management Guide has been prepared especially for you in your role as head of an academic or administrative unit or manager of a program. It is designed to supplement the university's existing fiscal, human-resources, and other policies and procedures by offering a single source of information and guidance to help you implement policies and procedures correctly as you pursue the goals of your organization in a fiscally responsible manner.

Among the topics addressed in this guide are

- payroll and human-resources administration,

- purchasing and contracting for needed goods and services, and

- recording and depositing money received.

We hope you will find the guide useful, and we welcome your feedback on how to improve it. Updates will be issued when changes in policies or procedures make them necessary. Send your suggestions to Audit and Consulting Services at 149 Conference Center Building, Knoxville, TN 37996; call them in at 865-974-6611; or e-mail them to *lpmarion@utk.edu*.

For further assistance with any issue regarding the management of your department, contact the chief business officer of your campus or institute, or call Audit and Consulting Services.

Mark A. Paganelli

Executive Director

Audit and Consulting Services

TOP LEVEL RESOURCES

Fiscal, human-resources, information-technology, and safety policies . . . . www.tennessee.edu/policy

IRIS training materials . . . . http://iris.tennessee.edu/

Information security resources (policies, procedures, incident reporting) . . . . http://security.tennessee.edu

Best Business Practices in the IRIS Environment . . . . .http://audit.tennessee.edu/pdf/bbp.pdf

Administrative and business procedures . . . . Business office of each campus or institute

Applicable state laws and regulations and contracting and purchasing information . . . . www.tennessee.gov

State Audit's Hotline for Fraud, Waste, and Abuse 800-232-5454

MASTER CALENDAR

Important Dates

Besides such day-to-day tasks as approving financial and human-resources transactions, those business-related tasks that should be performed biweekly or monthly are listed below. Any dates particular to the college or department should be entered in the spaces provided.

Biweekly Tasks

_____ Approve timesheets for employees paid biweekly before noon on Tuesdays, unless a holiday requires an earlier approval deadline.

_____ Review check registers for employees paid biweekly to verify that the individuals listed are employees and are due the amounts indicated.

Monthly Tasks

10th of the month	Review Department Ledger Report and supporting documentation and approve.
15th of the month	Approve effort certification for previous month's pay on WBS elements.
Before the 15th	Approve human-resources transactions for monthly employees.
Before the 15th	Approve monthly employees' time.
Before the 25th	Review and approve procurement-card purchases.
_____	Review check registers for employees paid monthly to verify that the people listed are employees and are due the amounts indicated.

NOTE: On months with holidays, deadlines are more restrictive. The payroll office will notify departments when these deadlines are imposed.

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PURPOSE OF THIS PUBLICATION

Just as a house needs a strong foundation to withstand adverse conditions, a university needs a strong foundation of well-managed financial operations to remain strong over time. At the University of Tennessee, as with most other universities, good financial management begins in the basic organizational unit of the institution—the department.

In the UT system, the department head acts as the key administrator of the basic organizational unit.

Besides pursuing actions consistent with the university's mission and goals, the department head is responsible for financial operations like budgeting departmental funds, maintaining appropriate controls to safeguard assets, and approving expenditures. The *UT Business Management Guide* has been written especially for department heads to familiarize them with UT's financial operations and the fiscal responsibilities involved in running their department.

Policies, Laws, and Regulations Governing the University

The university is governed by a number of laws, policies, and regulations. As a state-supported institution, UT must base its own policies on state laws and regulations; on regulations and restrictions imposed by the federal government, private donors, and outside sponsors of research; and on sound business practices to safeguard university resources.

Also, the individual campuses and institutes may supplement the university-wide policies by developing procedures tailored to their individual needs for financial safeguards. As a department head, you must understand how all such policies, laws, and regulations affect planning and decision-making within the department.

Business Organization of the UT System

The statewide university system consists of UT Knoxville, UT Chattanooga, UT Martin, and the Health Science Center in Memphis, as well as the Institute of Agriculture, the Institute for Public Service, and the Space Institute in Tullahoma. The system's central administrative offices are located in Knoxville.

The chief executive officer of the UT system is the president, who is supported by a matrixed staff of the chief administrators of all the

> **NOTE:** Throughout this guide, the term **DEPARTMENT HEAD** refers to any position that functions as the administrative head of a department or program, including the principal investigator of a grant or contract.

University policies

The Office of the Senior Vice President and Chief Financial Officer issues, revises, and maintains the university's fiscal, human-resources, information-technology, and safety policies. Other sources of information on UT policies are the business, human-resources, information,

and safety officers at each of the system's campuses and institutes.

Conflict of interests

All employees should know the university's policies on conflict of interests and be aware of the responsibility to disclose outside interests that may or may not represent such conflicts. (See University Policy FI0125 for details.)

UT's financial operations

The university's financial operations are highly decentralized. Many accounting, disbursement, and reporting functions are the responsibility of individual departments. Thus, the staff members of these units bear great fiduciary responsibility, which requires them to be familiar with university policies and with IRIS, UT's financial and human-resources system.

Forms and IRIS reports

This guide refers to various forms and IRIS reports that are used in activities like reimbursing travel expenses, prepaying conference fees, and revising the budget. These forms and reports and their uses are detailed in the Appendix to this guide.

> **NOTE**: *The UT Business Management Guide* outlines the minimum requirements for managing a department. Individual campuses and institutes may have procedures that supplement those in this guide.

major functions of the institution, as well as the chief administrators of the campuses and institutes. Under the top administrator of each campus and institute is a chief business officer who oversees its financial operations.

Your Role and Responsibilities

Financial decision-making, as well as compliance with internal and external policies and regulations, starts at the departmental level. The department head's understanding of good business practices is therefore essential. You not only bear the responsibility for overseeing your department's activities but also are ultimately accountable for them. Because many of the university's financial functions are performed by departmental staff members, implementing internal controls, or safeguards, is essential to protecting UT assets. For that reason, you should ensure that your departmental staff members receive adequate training regarding fiscal and human-resources policies and procedures.

The university's financial systems exist to help support the activities designed to achieve each department's goals, so everyone in the department will benefit from your thorough understanding of how these systems work. Though many of the duties discussed in this guide may be delegated to departmental employees, **Audit and Consulting Services recommends that you periodically perform those delegated duties yourself**—or verify that staff members are performing the duties as directed—especially those functions for which you are accountable. Among such functions are reviewing requisitions for proper approvals, reviewing payroll records and items purchased for accuracy, and reconciling the departmental ledgers.

Because this guide presents a conceptual overview rather than detailed procedures, you should consult other resources for answers to specific questions, and you should ensure that departmental employees are aware of these resources and how to access them. These other resources include the business offices of the campuses and institutes, as well as the Office of Treasurer of the UT system.

DEPARTMENTAL FINANCIAL MANAGEMENT

Effective financial management of a department involves two related components: (1) budgeting and (2) financial accounting and reporting. The purpose of this section is to detail the department head's responsibilities in these two areas.

Budgeting

Budgeting enables the university to allocate resources according to established plans and priorities and is a means of controlling expenses based on anticipated funding. You are responsible for managing the department's operating budget. Each department's budget is divided into five principal categories: (1) **Personnel**, (2) **Staff Benefits**, (3) **Operating**, (4) **Equipment**, and (5) **Capital Outlay.** There are further subcategories.

The process for developing the annual operating budget may vary among the campuses and institutes, but most conduct budget hearings in which departments discuss their spending needs and priorities. Most departments enter their budget information in IRIS, the university's financial and human-resources system, using several online reports to compile their budgets. (See the manuals and guidelines on the IRIS website and in the Appendix.) You also will receive budget guidelines from the business office of the campus or institute indicating the availability of funds and any restrictions on their use. Your budget request is reviewed at the college or major division level and forwarded to the chief business officer for further review and integration into the budget of the campus or institute. The budget approved by the UT Board of Trustees for the university system is the sum of the individual budgets of the system's campuses and institutes.

During the fiscal year, you may wish to transfer funds from one general ledger (G/L) account in the department's budget to another. Such transfers are made so that the budget reflects anticipated expenditures more accurately. You should request a transfer by submitting a **Request for Budget Revision (Form T-15)** or campus equivalent (see the Appendix).

The budget process is different for work breakdown structure (WBS) elements like sponsored programs. The **Restricted Budget Form (Form T-1)** is used to record and revise the budget for sponsored programs (see the Appendix). Sponsored programs are discussed in Section 3 of this guide. You should contact the business or research office of your campus or institute for guidance on sponsored

Key Terms in Section 1

The university's **FISCAL YEAR** begins on July 1 and ends on June 30 of the following year. A fiscal year is identified by the combined years ("fiscal year 2005–2006") or by the ending year only ("FY 2006" or "FY06").

An **OPERATING BUDGET** is a financial plan for one fiscal year that includes salaries and other routine expenses. Operating budgets for sponsored projects and other restricted funds may have varying periods. Each department manages its own operating budget in consultation with appropriate supervisory personnel.

The **CAPITAL BUDGET** is managed by the university's system administration and includes planned expenditures for new construction, major repairs or renovations, and major equipment items.

COMMITMENTS, or **ENCUMBRANCES**, are obligations for future expenditures for goods or services acquired through university purchase orders and requisitions and for salaries and benefits of employees who are paid monthly or biweekly. Note that

biweekly is UT-speak for employees who are paid every 2 weeks, although *biweekly* can mean both "twice a week" and "once every 2 weeks." (Salaries are committed on both cost centers and WBS elements, as noted below.)

COST CENTERS are categories used to collect unrestricted expenses (for example, *E111001*) or income (for example, *I12011234*) for activities of the university.

WORK BREAKDOWN STRUCTURE (WBS) ELEMENTS are used to collect revenues and costs for sponsored programs with specific start and end dates, gifts, loans, endowments, and all other restricted funds (for example, *R180014321*, *F179901010*).

GENERAL LEDGER (G/L) ACCOUNTS are used to classify expenses by the nature of the cost incurred (travel, supplies, and so forth) or revenues by the source of income. G/L accounts are listed and described further on the website of the Controller's Office.

COMMITMENT ITEMS are codes comparable to G/L accounts, but they are arranged in a hierarchy for aggregating expenses and revenues and assigning budget items.

A **FUND** is an identification number assigned in the university's financial and human-resources system (IRIS) to separate budget units like departments, programs, or sponsored projects. Fund numbers, used in the budgeting module

programs. If the department receives gifts, you should contact the Treasurer's Office.

Best Practices in Managing the Budget

- Contact the dean's office or the business office of the college or institute to learn more about the budget process and see samples of other departments' budgets and budget presentations. All department heads are encouraged to attend the budget hearings of their college or institute, if possible.

- Get faculty input when preparing the budget, especially regarding equipment and materials needs.

- Know the university's budget cycle and meet its deadlines.

- Plan ahead for requesting funds for long-range capital costs. Approvals may take longer than a single budget cycle.

- Plan ahead for the end-of-year report that will close out the fiscal year for the department.

- Implement controls to help ensure that budgets are not overspent.

- Review cost centers and WBS elements monthly, paying close attention to any overspending. Address the causes of overspending immediately. If appropriate, request a budget revision.

- Do not stockpile budget allocations that are not expended. Underspending in one cost center or WBS element does not mean that another cost center or WBS element may be overspent.

- Remember that the budget is not etched in stone. Unanticipated items, recasting of salary type, revisions between departments, new activities, and urgent needs are all reasons for requesting a budget revision (see the Appendix).

- Do not initiate any new expenditures for equipment, supplies, travel, and similar items after May 15 unless they are absolutely necessary. (Applies to cost centers on a fiscal-year basis, not WBS elements.)

NOTE: Best practices in such areas as depositing, accounts payable, and ledger reconciliation and review are available in *Best Business Practices in the IRIS Environment* on the Audit and Consulting Services website.

Financial Accounting and Reporting

IRIS contains a series of cost centers and WBS elements that record UT's financial activities. One feature of the system is the **Department Ledger Report**, which departments can access and print as needed. (Note: The online view is different from the printed view.) Also see the Appendix for additional IRIS reports that allow a more detailed analysis of the department's activities.

The Department Ledger Report is an accounting document representing the current budget and expenditures of a department's cost center(s) or of a particular sponsored project WBS element. Properly reconciling, reviewing, and approving the ledger report every month are the best ways to maintain adequate control over your department's expenditures. The ledger has three sections:

- Sources and uses of funds

- Current period line items (the detail of postings during the period)

- Budget analysis comparing budgeted to actual totals by commitment item

Also shown is an uncommitted or "free" balance for each budgeted general ledger account.

Ledger Reconciliation and Review

Reconciling the ledger

The frontline of financial control. Although ongoing ledger activity may be reviewed in IRIS and the ledgers printed at any time, a formal reconciliation of the accounting records should be performed as soon as possible after the month closes. A reconciliation should be completed for all funds under the departmental funds center. You may designate an exempt or nonexempt employee to reconcile the ledger, which consists of the following steps:

- Compare departmental records with the current month's transactions—commitments, charges (including payroll), and deposits—listed on the department's ledgers. Ensure

of IRIS, are grouped into funds centers, functional areas, fund groups, and business areas that make monitoring the budget of various levels of the university possible. Elsewhere in IRIS, funds are referred to either as cost centers or as WBS elements. Each fund has a corresponding cost center or WBS element with the same numerical identifier (for example, fund *E041234* is also cost center *E041234*).

FUNDS CENTER (DEPARTMENT) is the organizational unit responsible for preparing and monitoring the budget for one or more funds. Funds centers are organized into hierarchies of department, college, vice-chancellor, and budget entity.

WORKFLOW is the routing mechanism in IRIS by which an authorized person approves transactions electronically.

LESSON LEARNED

An employee stole more than $130,000 over 18 months by processing false refunds. Ledger reconciliation and the department head's approval of the ledgers would have detected the dramatic increase in refund activity.

Commitments not needed?

Outstanding purchase orders and requisitions should be reviewed monthly as part of the ledger reconciliation process. Contact the purchasing department of your campus or institute to correctly close out (not "delete") unneeded commitments.

that the correct cost center or WBS element, G/L account, amount, and so forth, was charged.

- Verify the sponsor award amount and budget for sponsored projects. Also note the end date and ensure that charges occurred within the project period.

- Ensure that all transactions appearing on the ledgers that are not supported by the department's records are accurate and authorized.

- Correct any errors or irregularities identified, noting corrections as such on the ledgers.

- If this duty has been delegated, the person who performs it should provide the reconciled ledgers for the cost center(s) or WBS element(s) to you each month and maintain them in the department.

Separation of duties

A monthly reconciliation of the department's ledgers is an excellent control, but the oversight and control value of the reconciliation is greatly diminished when the reconciliation is performed by the same employee who, for example, entered the transactions or processed the invoices for items purchased by the department. Whenever staffing allows, the duties of cash receipting and processing payments should be separated from the duty of reconciling the ledgers. For further details, see University Policy FI0115.

Reviewing the ledger

The second important control in overseeing the department's financial records is the review and approval of the reconciled ledgers by an authorized approver, normally the department head. Because not all transactions are configured for processing through workflow in IRIS, reviewing the ledger helps ensure that all financial transactions are appropriate, accurate, and recorded properly and provides information about the status of budgets.

The authorized approver should consider the following questions:

- According to the department's budget, was a cost center or WBS element overspent? If so, why?

- Do the transactions appear appropriate for departmental or university business?

- Are there any suspicious-looking transactions?

- Does it appear that the ledgers have been reconciled?

- Has the reconciler explained any unrecognized or undocumented transactions?

- What corrective measures should be taken to avoid the same problems in subsequent months' ledgers?

The approver should sign or initial the reconciled ledgers each month to indicate that there were no unauthorized transactions.

Approving Transactions

You have the authority to approve financial and human-resources transactions for the department. While you may designate one or more alternate approvers, you are ultimately responsible and accountable for the funds center's transactions being reasonable and appropriate and for complying with university policies and procedures. For more details, see Policy FI0150.

You should designate at least one alternate approver so that transactions are processed on time in your absence if you are on leave or in travel status. To designate an alternative approver, you must submit the **Departmental User Request** in IRIS (see the Appendix). You should choose only an exempt employee who

- does not approve any expenditures or payroll transactions in IRIS that he or she has entered or prepared for entry, and

- demonstrates sufficient ethical standards and knowledge of university and departmental operations to be entrusted with the responsibility for university funds.

NOTE: The approver may delegate an exempt employee, such as a business manager, to review the department's ledgers. Principal investigators of sponsored projects should review their own ledgers.

What about staff benefits?

Departments that are required to fund their own staff benefits should consider this expense when preparing budgets. Departments whose staff benefits are funded centrally should exclude such expenses when preparing those budgets. Funds will be transferred to cover expenditures for staff benefits at the end of each fiscal year. Reports for each case are provided in IRIS.

LESSON LEARNED

A trusted longtime employee was allowed to make purchases for the department in which the employee also reconciled the ledgers. Purchases for the employee's daughter, friends, and church were undetected by the department head for several months. Proper separation of duties would have allowed the detection of this situation in a timely manner.

Your Role in Departmental Financial Management

You are responsible for the following activities:

1. Read and form a basic understanding of the university's fiscal policies as part of your responsibility for departmental transactions.

2. Determine the department's budgetary needs.

3. Prepare and submit the required budget information (or data for their completion) through the appropriate channels. You may designate an exempt or nonexempt employee to perform these duties.

4. Authorize financial transactions, ensuring that sufficient funds are available in your department's cost center(s) and WBS element(s). You may designate an exempt employee to perform this duty.

5. Ensure that appropriately authorized staff members are trained to process transactions accurately and on time.

6. Ensure that duties are separated for employees who enter—or prepare for entry—expenditures or payroll transactions in IRIS and employees who approve such transactions.

7. Oversee the administration of all departmental funds to prevent overexpenditure of any cost center or WBS element. If an overdraft does occur, take immediate steps to fund the deficit.

8. Ensure that a monthly reconciliation of the department's financial records is performed with the **Department Ledger Report**. Review the reconciliation each month and approve by signing or initialing.

9. Ensure that approval and verification procedures are established in writing to ascertain that all financial transactions are appropriate, described accurately, and recorded properly.

10. Ensure that procedures are developed to maintain departmental records to accurately reflect adequate control and timeliness of departmental expenditures and that such records are retained in accordance with Policy FI0120.

For more details, see University Policies FI0110 (fiscal and budgetary management), FI0115 (ledger reconciliation), and FI0150 (approvals). See also Section 2 of this guide for more information on payroll reconciliation.

HUMAN RESOURCES AND PAYROLL

This section provides an overview of the university's human-resources/payroll (HR/payroll) system and outlines the department head's responsibilities in HR/payroll management. A large percentage of the university's financial resources is expended on employees' pay, so maintaining adequate control over the HR/payroll function is essential. Properly managing this function is also necessary to ensure the accurate and timely payment of salaries and wages.

The three HR/payroll components are (1) human-resource action, (2) time-reporting, and (3) payroll review and distribution. This section discusses overseeing these components and describes the forms and reports used and activities performed in HR/payroll operations.

Your Role in HR/Payroll Management

Your main responsibility in HR/payroll management is to ensure that accurate information is entered in IRIS and is submitted as soon as possible when an employee is placed on or removed from the payroll or when the existing HR/payroll information needs to be updated. (see the Appendix). Human-resource action requests may be processed electronically in IRIS or on paper HR/payroll forms.

Time reporting
Your role in time-reporting is to ensure that procedures exist and are followed to report employees' work and nonduty time accurately. Employees generally are paid either monthly or biweekly.

The monthly payroll includes salaried employees—for example, faculty members or exempt administrative and professional staff members—some nonexempt clerical staff members, and other academic employees like graduate assistants. Once an employee is placed on the monthly payroll, payments will continue every month for the duration of the appointment unless information to change the amount of the payment is entered and approved in IRIS. Only deviations from the employee's normal work schedule like annual leave, holidays, and administrative closing are entered in IRIS for monthly employees.

The biweekly payroll includes employees who are paid on an hourly basis, for example, most nonexempt and student employees. Unlike the monthly payroll, this system requires time-worked input from departments. Each pay period the department must enter the hours worked and nonduty hours before biweekly employees can be paid.

Time reports for exempt and nonexempt employees should be completed for each position or cost center or WBS element in which they work (see the Appendix) and retained in the department. Instructions for processing additional and recurring pay, like extra-service hours and stipends, and other special categories are provided on the IRIS website and in the IRIS Help system.

Key Terms in Section 2

IRIS, the university's primary financial system, is used for accounting, human-resources, budgeting, and procurement activities. The system contains salary and other information for internal management purposes and external reporting requirements.

EXEMPT and **NONEXEMPT** are the two main classifications of university staff members. Human-resources offices determine these designations according to the provisions of the Fair Labor Standards Act. Employees who are exempt from the provisions do not receive overtime pay, whereas nonexempt employees may receive compensatory time or overtime pay.

NOTE: The appropriate IRIS reports must be generated each month when reconciling the departmental ledgers to check the accuracy of payroll. (See Section 1 and the Appendix of this guide.)

Separation of Human Resources and Payroll Duties

The integrity of the university's HR/payroll system depends on properly functioning controls at the department and the campus/institute levels. An important control is separation of duties so that the department's HR/payroll functions are divided between two or more members of the department.

Table 2.1 provides the minimum standard that departments should follow concerning separation of duties. Generally, you should perform the duties listed under *Administrative Functions*, although some of the administrative duties may be delegated to an exempt employee who does not also perform any duties listed under *Clerical Functions*.

Department heads with multiple sections under their control—for example, offices in separate locations—should send such documents as departmental check registers to the heads of these sections. The section heads have the most knowledge about their areas and would be the most effective reviewers.

LESSON LEARNED

An employee fraudulently added his brother to the university's payroll. A careful review of the check register by the department head would have detected this fraud immediately.

Table 2.1 Clerical and Administrative HR/Payroll Functions

CLERICAL FUNCTIONS	ADMINISTRATIVE FUNCTIONS
Enter appropriate change request information in IRIS or forward paper form to Human Resources or Payroll	Approve electronic request in IRIS or approve paper form
Enter hours worked and not worked into IRIS	Approve time and leave records
Distribute direct-deposit statements	Review departmental check register
Reconcile payroll amounts with financial activity posted to departmental ledgers each month	Review reconciled ledger and approve by signing or initialing

Your Role in Payroll Review and Distribution

Payroll review

A departmental check register is delivered to each department with the direct-deposit statements at the end of each pay period. (Employees who have not initiated direct deposit receive their paychecks in the U.S. mail.) Check registers list the employees included in the current payroll and the gross and net amounts paid to each person.

Payroll review involves the following procedures:

1. Before direct-deposit statements are distributed, you (or your designee) should review the register to verify that the individuals listed are employees and ascertain that they are due the amounts indicated.

2. You (or your designee) should sign the check register and retain it in the department for 3 years.

3. If any errors are found in the payroll, you must notify the campus or institute payroll office or University Payroll immediately.

4. See that any incorrect direct-deposit statements are held and returned to the campus or institute payroll office or to University Payroll.

Payroll distribution

For security reasons, you should ensure the following:

1. After determining that the check register is correct, a departmental staff member should be designated to give the direct-deposit statements directly to the employees.

2. If employees are not present and have not made other arrangements, their statements should be kept secure until they return.

3. If unclaimed, statements should be returned to the payroll office of the campus or institute within a reasonable period.

4. Employees should be encouraged to arrange for direct deposit of their pay to reduce the risk of a stolen check.

Because HR/payroll procedures may vary, you should be aware of the procedures followed at your campus or institute. Consult the IRIS website, the IRIS Help system, or the payroll or human-resources office of your campus or institute for instructions on the processes used in HR/payroll management.

Section 3

SPONSORED PROGRAMS

Grants and contracts received from sponsoring agencies help the university achieve its mission of instruction and public service and are essential in achieving the mission of research. The purpose of this section is to familiarize the department head with the key responsibilities of managing sponsored programs. Managing these programs can be highly complex, so the principal investigator of a grant or contract should consult the resources listed at the end of Section 3 for more detailed information.

Obtaining a Grant or Contract

A researcher (or other employee interested in conducting sponsored activities) typically works with the campus or institute research office to prepare and submit to the potential sponsoring agency a proposal for a grant or contract. This employee is usually the principal investigator (PI) assigned to administer the program if the proposal is accepted. The research office and the business office of each campus, institute, or college will assist grant-seekers as needed throughout the process of developing proposals, budgets, and so forth. The research and development offices of the campus or institute also may help identify potential sponsors for a particular type of research or program.

The PI (or department head) does not have the authority to obligate the university or to approve (sign) a grant or contract that requires the university's agreement to certain terms and conditions. The university's contract review and approval process must be followed (see University Policy FI0420 and Section 4 of this guide).

When the university receives a grant or contract, a budget and a WBS element must be established for the project in the university's financial and human-resources system (IRIS) as described in Policy FI0205. Also see the sidebar paragraph " 'R' WBS Elements," on page 20.

Principal Investigator's Responsibilities

- Prepare the proposal text.

- Prepare the proposal budget, including personnel, equipment, travel, and other funds needed and their intended use. See Policy FI0205 for detailed procedures.

- Obtain the necessary approvals, for example, those of co-PIs, compliance committees, the college, and the department.

- Submit the proposal to the research office of the campus or institute for review and approval.

- Submit the approved proposal to the sponsoring agency.

Key Terms in Section 3
A SPONSORED PROGRAM
consists of a grant or contract wherein a sponsoring agency provides funds for the university to accomplish designated activities in an area of mutual interest or for the university to provide specific services or products to the sponsoring agency. Accounting and reporting obligations and other requirements are specified when the funds are awarded.

The **PRINCIPAL INVESTIGATOR (PI)** is the university employee who is primarily responsible for administering the grant or contract.

WORK BREAKDOWN STRUCTURE (WBS) ELEMENTS are used to collect revenues and costs for sponsored programs with specific start and end dates, endowments,

The contracts discussed in this section do not include those involved in the purchase of goods or services from outside vendors. See Section 4 of this guide and Policy FI0420 for details on other types of contracts.

gifts, loans, and all other restricted funds. (Examples of WBS labels: R180014321, F179901010).

"R" WBS ELEMENTS. Virtually all of the sponsored-program funds received by the university are accounted for as Restricted Current Funds. A separate WBS element must be established for each grant and contract awarded to document and account for the receipt and expenditure of such funds. Restricted grants and contracts processed through the university are assigned "R" WBS element numbers.

The "R" WBS element should include only identifiable costs of goods and services used to conduct the sponsored program as defined by the sponsoring agency. These costs are called **DIRECT COSTS**, and they typically include payroll and purchase orders for equipment and supplies. Costs incurred to support the university's programs or activities not easily identifiable with any specific project are called **FACILITIES AND ADMINISTRATIVE (F&A) COSTS**. These costs are limited to a predetermined percentage of a specified base of certain direct costs established when the budget is developed. Examples of costs included in the F&A cost rate are utilities and janitorial services. Both direct and F&A costs are posted to the "R" WBS element for the grant or contract.

- Prepare the award budget (if different from the proposal budget) in a timely manner so that it can be entered in IRIS and a WBS element can be opened for posting expenses.

- Ensure that any subcontractor's activities accord with the primary agreement and that the charges are reasonable, allowable, allocable, and correctly classified as direct or facilities and administrative (F&A) costs.

- Complete the funded program within budgetary and time constraints, university policies, sponsor guidelines, and other applicable regulations and certifications.

- Ensure that all expenses charged are reasonable, allowable, allocable, and correctly classified as direct or F&A costs.

- Properly prepare and submit the required progress reports to the sponsoring agency in a timely manner.

- Complete the program's technical objectives.

- Verify the WBS element ledgers each month, ensuring that expenses are allowable and recorded on the correct WBS element in a timely manner.

- Request award amendments or sponsor-requested prior approvals in a timely manner.

- Report inventions to the research office of the campus or institute in a timely manner.

- Ensure that all expenses are posted to the project within 60 days of the program's ending date so that the final financial reports can be prepared and submitted to the sponsoring agency by its deadline.

- Prepare and submit final reports, including final invention reports, in conjunction with the business and research offices of the campus or institute.

- Identify and report problems to the appropriate campus officials in a timely manner.

- Maintain adequate program records in accordance with university and sponsor policies.

- Notify departmental and campus officials of any decision to discontinue the project or transfer to another institution.

- Ensure that the effort of research staff is certified in a timely manner, preferably every month.

Your Role in Managing Sponsored Programs

The PI is responsible for managing the WBS element and directing the sponsored program. Department heads are, however, ultimately accountable for these activities. Proper attention and priority must be given to sponsored-program administration to avoid unallowable charges, to comply with requirements, and—what is most important—to help the university maintain good relations with sponsoring agencies and continue to receive these vital funds.

Your responsibilities include the following activities:

1. Ensure that the processes are present to promote financial compliance with federal regulations and university policies and that the department's organizational culture supports financial compliance.

2. Ensure that the scope of work advances the university's mission and the department's goals.

3. Ensure that space exists to perform the project's work.

4. Ensure that all applicable rules and regulations set by the federal government, the sponsor, and the university are followed.

5. Ensure that PIs and departmental accounting support-staff members are aware of their responsibilities and that support-staff members are properly trained.

6. Review and approve proposals and budgets before they are submitted to the research office of the campus or institute.

7. Review departmental WBS elements for reasonableness and follow up immediately on overexpenditures or other unusual items. Any overexpenditures, unallowable expenditures, cost-sharing, and uncollected or disputed sponsor invoices will be charged to the departmental funds.

8. Ensure that invoices to sponsoring agencies are properly supported, are in accordance with agreements, and are submitted in a timely manner.

9. Ensure that invoices for payments received are identified and reconciled with the payment, that the funds are collected in a timely manner, and that funds are deposited to the appropriate WBS element.

10. Monitor new grants and contracts or continuations to ensure that agreements are processed and WBS elements are established in a timely manner.

11. Ensure that the effort of research staff members is certified in a timely manner, preferably each month. Effort must be certified and approved, however, within 30 days after the end of the semester being certified.

LESSON LEARNED
A researcher requested that grant funds from a private company sponsoring his UT research be made payable to himself. The company reported the payments as taxable income for the researcher, and he was disciplined by the university. The department head's monitoring of WBS ledgers and following up on unusual items might have detected this situation.

Many regulations and guidelines—from the sponsoring organization, a state or federal agency, or the like—may apply to a particular grant or contract, and requirements may vary from one sponsored program to the next. The research office of the campus or institute is the best resource for identifying and interpreting applicable regulations. Further information is available from your campus or institute business office and in University Policies FI0205 (Sponsored Grants and Contracts), FI0210 (Cost Sharing), FI0220 (Cost Transfers), FI0230 (Subcontract Monitoring), and FI0235 (Program Income). Also see the Training Program for Sponsored Project Accounting on the Controller's Office website. The Appendix contains forms and reports used to manage sponsored-program activities in IRIS.

Section 4

PURCHASING AND CONTRACTING

This section is meant to familiarize department heads with the university's purchasing and contracting policies, procedures, and restrictions related to a department's procurement activities. The policies apply to the acquisition of goods or services from outside vendors or individual contractors and from other university departments.

Because abuses can occur easily in this area, the department head should be aware of university-wide policies, as well as supplemental procedures of the campus or institute. *Employees who fail to follow purchasing and contracting policies may be subject to disciplinary action and may be personally liable for unauthorized purchases or contracts.*

Obtaining Goods and Services

Acquiring goods and biddable services

Generally, departments may acquire goods or biddable services in the following ways:

- Enter a requisition in the financial and human-resources system (IRIS). The purchasing department of the campus or institute issues a purchase order (PO) or framework order (generally for orders of $5,000 or more).

- Order from a vendor with which the university or state has a contract. The purchasing department issues a framework order (any dollar amount).

- Order from an internal university source such as a campus bookstore (orders less than $5,000).

- Use a UT procurement card (preferred method) or petty cash or request an invoice to order from vendors (orders less than $5,000). For further guidance on invoices, procurement cards, and petty cash, see Sections 5, 6, and 7, respectively, of this guide.

Contracting for nonbiddable services

Generally, departments may obtain nonbiddable services, including personal, professional, and consulting services, in the following ways:

- Initiate a contract through the university's contracting process. The contract must be executed by an officer of the university (as defined in the UT Bylaws) or an administrator of the campus or institute designated by the chief financial officer (or designee).

- Enter into an informal agreement with a vendor to obtain certain nonbiddable services (see limitations in Policy FI0420).

Key Terms in Section 4

A **PURCHASE ORDER (PO)** is the official purchasing document for items costing $5,000 or more. POs are sent to vendors to initiate or, in some cases, confirm purchases. The types of POs are discussed in University Policy FI0415.

A **FRAMEWORK ORDER** is a PO usually issued as the result of competitive bidding from vendors to provide items or groups of items with prices effective throughout a specified timeframe. The two kinds of framework orders are **STATE** or **UNIVERSITY CONTRACTS**, such as for office supplies, and **DEPARTMENT-**

NOTE: Departments must justify their decision to obtain services noncompetitively and complete the required request form (see the Appendix).

SPECIFIC ORDERS, such as for lab supplies, for a specified period.

A **CONTRACT** is any agreement that creates an obligation between the university and an outside party. The contracts discussed in this section do not include those that involve sponsored programs. (See Section 3 of this guide for information on sponsored programs.)

NONBIDDABLE SERVICES are those that require highly skilled judgment or training, artistic ability, or other such attributes and whose quality depends on an individual's characteristics and knowledge. Examples of nonbiddable services are those provided by lecturers, artists, and entertainers.

EXECUTION is the approval (signature) of officials who are authorized to legally bind the university in a contractual agreement.

NOTE: Department heads are NOT authorized to sign UT contracts.

Timetables in Purchasing and Contracting

- Because the bid process can take several weeks, departments should submit requisitions to the purchasing department of the campus or institute as far in advance as possible for purchases that must be bid.

- Payment terms to vendors are often specified on the invoice, PO, or contract, for example, within 45 days after receipt of goods or services. Invoices should be processed as soon as goods are received to comply with the state's Prompt Payment Act.

- Departments should be aware of prompt-payment discounts offered by vendors and process invoices to take advantage of the discounts.

- The bidding or contracting process should allow sufficient time for a PO or contract to be fully executed before its starting date.

- Certain noncompetitive contracts for services must be submitted to the state legislature's Fiscal Review Committee at least 60 days before the contract's effective date. To meet this requirement, departments should begin the contracting process at least 90 days before the effective date. See "Reviewing and Executing Contracts," on page 27.

The Purchasing Process

Purchasing from outside vendors

If required goods and services are not available from vendors with university or state contracts or from internal sources, departments may acquire goods or services costing less than $5,000 at their discretion. UT procurement cards (preferred method) and petty cash funds may be used for purchases from vendors for less than $5,000, or vendors may be asked to send invoices.

Departments may **not** make multiple purchases of or request multiple invoices for single purchases of identical goods or modular components from the same vendor to stay within the $5,000 limit for each purchase. Purchases of $5,000 or more must be initiated through the purchasing department of the campus or institute to ensure that the university receives the best available pricing on major purchases and that vendors are allowed to compete fairly for UT business.

For purchases of $5,000 or more, the purchasing process begins when the department submits a completed and approved requisition via IRIS to the purchasing office. The amount of the purchase and the type of item or service being purchased determine how the purchase will be handled and what approvals will be necessary. Generally, a requisition results in a PO being issued.

The university has contracted with certain outside vendors for such standard items as computer equipment, scientific equipment, and office supplies. Items purchased on existing university or state contracts do not have to be bid. Contact the purchasing office of your campus or institute for details.

UT's Exemption from Excise and Sales Taxes
The university is exempt from paying federal excise tax and state sales tax to vendors. A photocopy of UT's tax exemption certificate in Policy FI0410 should be presented to the vendor at the time of purchase.

Table 4.1 Quick Reference

AMOUNT/TYPE OF PURCHASE	DEPARTMENTAL PROCEDURE
Less than $5,000	Order directly from vendor. State or university contract vendors must be used, if applicable. Request invoice or pay with UT procurement card (preferred method) or petty cash.
Between $5,000 and $24,999	Submit requisition to Purchasing via IRIS for goods or biddable services. (Departments with delegated purchasing authority may solicit informal bids up to their specified limit, or Purchasing solicits informal bids.) Process a contract for personal, professional, or consulting services.
$25,000 or more	Submit requisition to Purchasing via IRIS for goods or biddable services. (Purchasing solicits formal sealed bids.) Process a contract for personal, professional, or consulting services.
Emergency purchases	Notify Purchasing by phone; follow up with a noncompetitive contracts request form. (Purchasing will solicit bids if time permits.)
Noncompetitive purchases	Submit noncompetitive contract request form to Purchasing **in advance** of obtaining the goods or services. (On some campuses, the form must be submitted to the contracts office when processing personal, professional, or consulting contracts.)

For more details, consult university fiscal policies or contact the purchasing department of your campus or institute.

Laws, Regulations, and Policies Affecting Procurement

The university is a state-supported institution; therefore, it must conduct its purchasing activities in accordance with all pertinent state laws and regulations. These laws and regulations include the Tennessee Small Business and Minority-Owned Business Purchasing and Contracting Act and the Tennessee Prompt Payment Act of 1985. Also, the university's policies must accord with the State Board of Standards' policies. Many federal laws and regulations also affect UT's procurement practices.

NOTE: Departments may negotiate with individuals for short-term services provided by consultants, entertainers, lecturers, and so forth, in accordance with Policy FI0420.

Purchasing from internal sources

The university has created various service departments—for example, campus bookstores and printing and copying services—to meet certain needs. Purchases from service departments usually are charged to departments with an internal transfer processed via IRIS. Internal transfers are also used for equipment and supply transfers between departments, sharing costs among cost centers, and correcting erroneous entries in deposits and invoices, among other uses.

Your Role in the Purchasing Process

When the department initiates purchases for goods or services, you are responsible for ensuring that the purchases are in the university's best interest and allowed by university policy and that funds are available. You are responsible for the following activities:

1. Ensure that all staff members who approve invoices are authorized approvers according to the requirements of university policy. Only an authorized approver (usually the department head, PI of a sponsored project, or a substitute approver) may approve invoices in IRIS. See Policy FI0150 and Section 5 of this guide for details.

2. Review and approve the requisition for purchase and the vendor's invoice.

3. Review the explanation for internal transfers and approve only if the charge is appropriate.

4. Ensure that procedures are in place for you (or any designated employee) to review the quality of goods or services received and to review all documentation for accuracy, for example, requisitions, POs, and invoices.

5. Ensure that, whenever possible, duties are separated between staff members who order items and staff members who approve invoices to indicate the correct receipt of goods or services.

6. Ensure that appropriate specifications are developed for goods and services to be bid.

7. Ensure that invoices are processed promptly in accordance with state law.

The Contracting Process

Departments may need to obtain services from people or external business entities that require contractual agreements. A formal contract is required when the cumulative cost of services by an independent contractor is $5,000 or more. Competitive contracting must be used unless justification exists for noncompetitive methods or informal agreements. Competitive methods are (1) formal and informal bidding, (2) proposal solicitation, and (3) verbal negotiation. Departments must justify their decision not to bid services and complete the required request form.

In all cases where policy requires a formal contract, the university's **standard contract form** should be used whenever possible (see the Appendix). Contracts for personal, professional, and consultant services must include the university's standard terms and conditions as listed on the back of the standard form.

Reviewing and executing contracts

All formal contracts must be executed by an officer of the university (as defined in the UT Bylaws) or a designated administrator at your campus or institute. Generally, contracts must be submitted to the contract or business office of your campus or institute, which will determine the necessary legal and fiscal reviews and the appropriate party to execute the contract.

The chief executive, chief business officer, and other designated officials of each campus and institute have been designated to execute certain types of contracts. Details on the types of contracts delegated to these officers are available from the business office.

All contracts, leases, and agreements involving equipment must be submitted to the purchasing department of your campus or institute for signature and handling.

NOTE: Noncompetitive contracts for services, including amendments and renewals, with a total value of $250,000 or more and a term exceeding 1 year must be submitted to the state legislature's Fiscal Review Committee at least 60 days before the contract's effective date. Certain exceptions apply. If you anticipate a contract that meets the state's criteria, inform the chief business officer as soon as possible.

LESSON LEARNED

An employee purchased a present for her son and submitted the invoice to the university for payment. The invoice did not adequately describe the purchase but was processed anyway. A request for further documentation or explanation might have prevented this improper payment.

Noncompetitive Contracts

A noncompetitive contract request form must be approved before procuring goods or nonbiddable services costing $5,000 or more. Memberships, subscriptions, income-only contracts, and concerts (circus, rodeo, and so forth) are excluded.

Your Role in the Contracting Process

Before contracting with an outside party, you should first ensure that the services are necessary and cannot be performed satisfactorily and economically by internal sources. You are then responsible for the following activities:

1. Determine whether services are biddable and should be procured through the purchasing department of the campus or institute. (The purchasing department can help make this determination.)

2. Determine and proceed with the appropriate contracting method: competitive, noncompetitive, or informal agreement.

3. Draft the contract, using the university's standard contract form whenever possible and the standard terms and conditions.

4. Submit the contract through the appropriate review and approval process. Be aware of such special considerations as those that apply to contracts requiring review by the state's Fiscal Review Committee.

5. When contracting with individuals, determine whether they are independent contractors or whether they should be paid through the UT payroll system. (See Policy FI0420 for guidelines on determining employee or contractor status.)

6. Review and monitor the services being provided and maintain adequate records of the services, or designate an employee to perform these duties.

7. Ensure that the services have been performed satisfactorily before approving a request for payment.

8. Approve payment by signing either a vendor's invoice and submitting approval in IRIS or by submitting a **Request for Special Payment (Form T-27).** (See the Appendix.) You may delegate approval of the T-27 to an exempt employee.

For more information on purchasing and contracting, contact the business office or purchasing department of your campus or institute. Also refer to University Policies FI0405–FI0415 (purchasing), FI0420 (contracting), FI0520 (internal transfers), FI0525 (petty cash), FI0125 (conflicts of interests), and FI0445 (contracting with Tennessee Board of Regents institution or state employees). Section 6 of this guide contains policies and guidelines on using the UT procurement card for purchases under the bid limit.

Section 5

ACCOUNTS PAYABLE

Departments conduct business directly with outside vendors and individuals for reasons like obtaining equipment, supplies, and contracted services and registering for seminars and conferences. The process of paying invoices from outside vendors for goods and services is called the accounts payable function. This section describes the department head's duties in overseeing accounts payable in the department and lists the essential procedures the head is expected to follow when approving invoices for payment.

Processing Invoices

Because the university's accounts payable function is only partially centralized, departments must enter the information for certain kinds of invoices directly into the financial and human-resources system (IRIS). Processing invoices requires manual procedures besides those performed to enter and post the transaction in IRIS.

The authorized department specialist prepares and enters the invoice information in IRIS. As the department manager authorized for the applicable cost center(s) or WBS element(s), you approve the invoices by signing or initialing and electronically approve them for payment in IRIS.

Invoices for personal services and **Form T-27** requests (request for special payment), among others, are processed centrally by the Treasurer's Office. For these payments, the invoice or form is approved in the department; a copy retained on file, with the delivery ticket or other documentation attached; and the original is submitted for further processing.

Key Terms in Section 5

An **AUTHORIZED DEPARTMENT MANAGER** approves the invoice in IRIS. The department manager is usually the department head, the principal investigator of a sponsored project, or an authorized substitute approver. This person must meet the qualifications of an approver as outlined in University Policy FI0150. See also Section 1 of this guide.

An **AUTHORIZED DEPARTMENT SPECIALIST** is a nonexempt staff member who enters the invoice information in IRIS and maintains the invoice files. The specialist must be assigned this role in IRIS.

A **FRAMEWORK ORDER** is a PO normally issued as the result of competitive bidding for items or groups of items with prices good for a specified period. The two kinds of framework orders are **STATE** or **UNIVERSITY CONTRACTS**, such as those for office supplies, and **DEPARTMENT-SPECIFIC**

ORDERS, such as those for lab supplies, for a specified period.

A **SUBSTITUTE APPROVER** is an employee to whom the department head delegates approval authority and is established in IRIS to receive and approve electronic transactions in the department head's absence.

WORKFLOW is the electronic approval mechanism in the IRIS system.

LESSON LEARNED

An employee procured office furniture for her home without permission and charged it to the department. Proper scrutiny of purchases by the department head would have detected this theft sooner.

Your Role in Accounts Payable

You have the following key oversight responsibilities in the accounts payable process to ensure that your department makes accurate and prompt payments to vendors and contractors and provides good stewardship over budgeted funds:

1. Ensure that staff members are trained appropriately in IRIS procedures and that they read and abide by fiscal policy requirements on receiving materials and processing and paying invoices.

2. Assign responsibility for processing invoices to appropriate staff members.

3. Approve invoices for payment (see details below) or delegate approval authority to an appropriate employee(s). See Policy FI0150 and Section 1 of this guide for guidelines.

4. Establish at least one substitute approver in IRIS. A substitute approver is important to ensure the continuity of business processes.

5. Ensure that invoices and supporting documentation are retained according to fiscal policy requirements.

Your Role in Approving Invoices

Your approval of invoices indicates that university funds are being expended properly for goods and services that are appropriate and relevant to university business. For sponsored projects, your approval of transactions also signifies that charges are allowable and allocable according to the award document, sponsor requirements, and the federal Office of Management and Budget's *Circular A-21*. You and those to whom you have delegated approval authority have the following responsibilities:

1. Ensure that the goods or services were received before approving an invoice.

2. Review the original invoice and its attached documentation. The original invoice ordinarily provides the most reliable description of the goods or services purchased, information you will need to judge whether the expenditures are appropriate. The invoice and documentation should also help you determine whether the invoice is being charged to the correct cost center or WBS element and general ledger (G/L) account (expense code).

3. For invoices to be approved electronically (KN, KG, and RN transactions), verify the document number, vendor name, amount, date, and cost center(s) or WBS element(s) and G/L account(s) to be charged on the actual invoice with the electronic IRIS transaction. This information will help ensure that you have the correct invoice to support the IRIS transaction.

4. Perform the approval process through IRIS workflow.

5. Sign or initial the actual invoice to indicate it has been approved and submitted for payment. For all invoices, your signature or initials show that the original invoices were available for your review. Your signature or initials may also serve to mark the invoice as paid to prevent potential confusion when filing the documents and to prevent processing it for payment more than once.

6. Return the approved invoice and attachments to the department specialist, who will enter those with purchase orders in IRIS and file all invoices with attachments. (Policy FI0120 requires invoices and supporting documentation to be kept on file for 6 years.)

7. Review parked documents in IRIS for needed approvals at least once a week.

For more information on receiving materials and paying invoices, see University Policies FI0430 and FI0505, respectively, the IRIS website, and IRIS Help system. *Best Business Practices in the IRIS Environment* on the Audit and Consulting Services website contains detailed procedures on processing and approving invoices for payment.

PROCUREMENT CARDS

The University of Tennessee Procurement Card Program provides an efficient, cost-effective alternative for departments to make purchases costing less than $5,000 (purchases of $5,000 or more must be bid). Using the card may greatly reduce the department's need for a petty cash account.

This section provides policies and guidelines that department heads are expected to follow while managing the procurement-card function in their departments. Although the cardholder has important obligations in using the card, the department head is ultimately responsible for the purchases and for administering the procurement-card program.

Acceptable Receipts

Receipts are critical to the success and integrity of the procurement-card program. A vendor invoice, charge slip, cash register receipt, packing slip, or printout of e-mail or website transaction confirmation is an acceptable receipt, provided the following information is included:

- Itemized description of goods or services purchased, including unit price

- Vendor name

- Transaction date

- Transaction total

Order forms are not ordinarily acceptable as receipts. For subscriptions, a copy of the renewal notice or initial subscription request is considered a receipt.

Receipts that do not clearly list the required information or that are not originals will be considered inadequate documentation. In such cases, a **Supplemental Receipt Form** (see the Appendix) with the required information should be attached to the available documentation (order form, nonitemized receipt, and so forth). This form alone does not constitute an adequate receipt.

Restrictions

Procurement cards are for business use only. Using the card for the following types of purchases is prohibited:

- Items for personal use

- Equipment costing more than $1,000 that would be considered sensitive minor equipment, for example, cameras,

Key Terms in Section 6

The **UT PROCUREMENT CARD** is a special Visa credit card that works similarly to a personal credit card, except the charges are billed directly to the university and paid by the Treasurer's Office. The procurement card contains the cardholder's name and the university's tax-exempt number.

CARDHOLDERS are employees who are responsible for making purchases on behalf of their departments and have received approval from their department head to conduct UT business with a procurement card. **The cardholder should not be the verifier.** Cards may not be issued to independent contractors, temporary employees, students, or anyone not employed by the university.

The **VERIFIER** is the employee responsible for verifying that an acceptable receipt is provided for every transaction on the monthly statement, reporting questionable

purchases to the department head, and distributing charges to the appropriate expense code (general ledger account), cost center, or WBS element in the financial and human-resources system (IRIS).

The **APPROVER** is normally the department head (or a designee). This person must be authorized to approve the expenditure of university funds and be knowledgeable about the department's procurement-card activities. The approver is responsible for the electronic approval of procurement-card statements.

> **NOTE:** The card may be used for entertainment-type items of less than $500 per function, subject to the approval and documentation requirements of university policy.

computers, monitors, fax machines, and microscopes (see Section 11 of this guide and Policy FI0605)

- Multiple purchases of like or unlike items from the same vendor totaling $5,000 or more (see "Split Transactions" below)

- Travel, including airlines, hotels, registration fees, automobile expenses, and meals (see Section 8 of this guide and Policy FI0705)

- Entertainment costs of $500 or more per function (see Section 9 of this guide and Policy FI0715)

- Cash advances

- Cash refunds for returned card purchases

- Gift cards

- Cellular telephone or other wireless equipment and service

- Purchases from other university departments, including bookstores

- Purchases prohibited by university fiscal policy on purchasing (see Policy FI0405)

Split Transactions

Departments may not split single transactions of $5,000 or more into smaller transactions to stay within the $5,000 spending limit. Departments may not make multiple purchases of or request multiple invoices for single purchases of identical goods or modular components from the same vendor. The following situations represent examples of split transactions:

- Purchasing furnishings that cost $5,000 or more together or separately from a single vendor to renovate one office or area. This is considered one transaction.

- Requesting a vendor to invoice items separately to avoid the $5,000 spending limit.

- Making partial payments against a single invoice to avoid the $5,000 spending limit.

- Purchasing items in groups and making multiple purchases for a single purpose to avoid the $5,000 spending limit.

- Purchasing like items on a regular basis that would cost $5,000 or more if purchased together, unless purchased on a current contract.

For more information on what constitutes a split transaction and whether items should be bid, consult the purchasing department of the campus or institute.

Separation of Duties

The verifier is the single most important control in the entire procurement-card process. Therefore, the verifier (usually the bookkeeper) should **not** be the cardholder nor be responsible for making purchases with the card. Both of the following combinations are possible using only two employees, A and B:

- A: Cardholder and approver; B: Verifier

- A: Cardholder; B: Verifier and approver

In rare cases, small departments may not have sufficient staff to separate these duties, or the available staff members' workload may be too heavy to accept the additional duties of verifying procurement-card transactions. Such departments should find an outside verifier; for example, the business office of the college, campus, or institute can perform the verifier function.

NOTE: The card may be used for PayPal purchases, but cardholders may not establish a PayPal account that requires providing a UT bank account number. PayPal allows payments to be sent securely online through a third party.

Careful with That Card!

Departments are subject to periodic audits of procurement-card activity. Significant failure to comply with university policy in the use or administration of a procurement card may result in cancellation of the card and/or disciplinary action, including termination of employment. Employees have been fired for improper use of a procurement card, and others have had their cards suspended and disciplinary action taken for violating university policy.

Your Role in Procurement Card Management

Because you are ultimately accountable for the use of procurement cards in your department, you are expected to make reasonable efforts to select appropriate employees as cardholders and to ensure that these employees use the cards properly and in compliance with university policies. You are responsible for the following oversight activities:

1. Select and approve employees who are eligible to apply for a procurement card and ensure that they are trained in the appropriate use of the card.

2. Select at least one employee who will be responsible for verifying monthly statements. The verifier, who should not be a cardholder, must have access to and be trained to use the university's financial and human-resources system (IRIS).

3. Ensure that the card is used only for official UT business purposes. In general, your department should have as few cardholders as possible.

4. Ensure that Tennessee sales tax is not charged on purchases.

5. Ensure that orders are verified for accuracy, quality, and price.

6. Ensure that original receipts are obtained from vendors and retained to support purchases with the card.

7. Ensure that cardholders and verifiers sign the monthly statements.

8. Ensure that purchases are verified and approved in IRIS each month by the Treasurer's Office deadline. (See "Your Role as Approver," facing page.)

9. Retain reconciled statements and supporting documents for 6 years.

10. Ensure that the card and account information are kept secure and that the card number is confidential.

11. Submit a completed **Spending Limit Change Form** to the program administrator to change a card's spending limit, if needed (see the Appendix). Each card has a preset spending limit per transaction and a preset maximum for each 30-day billing cycle, typically $20,000.

12. Ensure that incorrect charges and product returns are resolved with the merchant or vendor quickly.

13. Ensure that the bank is called immediately if the card is lost or stolen and that the procurement-card coordinator of your campus or institute and the program administrator in the Treasurer's Office are notified by faxing the **Lost/Stolen Card Notification** form (see the Appendix).

14. Cancel cards of employees who terminate employment in the department, and request a new card as needed for eligible employees.

15. Forward a card being canceled, as well as an explanation of why it is being canceled, to the procurement-card coordinator of your campus or institute.

Your Role as Approver

You have general oversight responsibilities in administering your department's procurement card(s). Because department heads are usually the approvers, you also have the following duties:

1. Obtain training for electronic approvals on IRIS and ensure that verifiers also obtain appropriate training.

2. Review monthly procurement-card statements for approval or rejection on the electronic approval system. Approve appropriate statements by the Treasurer's Office deadline (25th of the following month). Approval indicates that the purchases and the distribution of charges are appropriate.

3. Electronically reject statements requiring further processing by the verifier. You should reject statements when you suspect inappropriate purchases that have not been marked as disputed. You should also reject statements that do not have enough supporting documentation on which to make an informed decision about the appropriateness of a purchase or that need changes in the distribution of charges. Attach an explanation indicating why such a statement has been rejected.

See University Policy FI0410 for more details on bid limits and requirements and Policy FI0530 for further information on using UT procurement cards. For questions on training and procurement-card use, call the program administrator in the Accounts Payable office at 865-974-2580.

Section 7

PETTY CASH

A petty cash fund may be established or increased by sending a written request to the treasurer of the university or the business office of the campus or institute. Petty cash advances are limited to departments that demonstrate a frequent need for such funds. Common uses of petty cash include postage, freight, and maintenance and repairs. (Using the university's procurement card is preferable to using petty cash. Procurement cards are easier to administer and less likely to result in loss to the university, and they allow for the same types of purchases as petty cash. See Section 6 of this guide for details.)

Restrictions

Petty cash funds may **not** be used for the following:

- Individual purchases costing $5,000 or more

- Supplies and materials available from campus bookstores, central supply stores, or any other university department

- Check-cashing

- Loans

- Items for personal use

- Salary advances

- Salary payments to individuals on the university payroll

- Payments to individuals for casual labor exceeding $50

Reimbursing the Fund

Departments must request reimbursement of petty cash expenditures from the Treasurer's Office or the business office of the campus or institute with a **Petty Cash Reimbursement Request (Form T-44)**. (See the Appendix.)

Departments are charged for purchases when the fund is reimbursed for expenditures or shortages. These charges will appear on the department's ledgers after a reimbursement check is sent to the custodian. The custodian is responsible for depositing or cashing the check to replenish the fund.

On June 30 each year, a reimbursement request must be submitted for all unreimbursed expenditures or shortages of the fund. This ensures that expenditures are recorded in the correct fiscal year. Departments

Key Terms in Section 7

A **PETTY CASH FUND** is a cash advance from the Treasurer's Office or the business office of a campus or institute to the department head or official custodian designated by the head. A petty cash fund may be in the form of cash or a checking account. Generally, petty cash is used as a fund for cashiering operations or to purchase minor items necessary for departmental business from sources outside the university (see "Restrictions").

The **PETTY CASH CUSTODIAN** is responsible for all activities involving the petty cash fund, including safekeeping of the fund, obtaining proper documentation for expenditures, and preparing requests for reimbursement. The department head may serve as custodian or designate another employee to act in this capacity.

UT's Tax-Exempt Status

The university is exempt from paying Tennessee sales tax. When paying by check on a petty cash account, a photocopy of the exemption certificate in Policy FI0410 should be presented to the vendor at the time of purchase.

must also reconcile their petty cash funds as of June 30 and submit documentation of the reconcilement to the requesting office.

Section 9 of this guide contains procedures for reimbursing petty cash used for entertainment expenses.

Closing or Decreasing the Fund

To close a petty cash fund or decrease the amount, departments must process a deposit to the central cashier of the campus or institute and send a memo stating that the account or fund was closed or decreased to the Treasurer's Office or business office. If this action is not performed according to university procedures, the department will continue to be held responsible for the petty cash funds. Contact the business office of your campus or institute for specific instructions.

NOTE: The department head may delegate approving the reimbursement request to the custodian if he or she is an exempt employee.

LESSON LEARNED

The custodian of a petty cash checking account was given the responsibility of depositing checks issued to the university. He stole more than $10,000 by depositing the checks into the petty cash account and removing the corresponding amount in cash. Proper separation of petty cash and depositing duties would have prevented this theft.

Your Role in Managing Petty Cash Funds

Your responsibilities include the following activities:

1. Request the petty cash fund and any increase or decrease in the fund from the Treasurer's Office or the business office of your campus or institute.

2. Appoint a custodian for the fund.

3. Ensure that the custodian is properly trained to manage the fund in compliance with university policies.

4. Review and approve each petty cash reimbursement request form and ensure the following:

   - Goods and services purchased are acceptable and allowable by university policies.

   - The cost center or WBS element to be charged (and other information) is correct.

   - Funds are available for payment.

5. Request the treasurer's approval to open a checking account for the fund.

6. Notify the Treasurer's Office or the business office of the campus or institute when the custodianship of the fund changes.

7. Ensure that adequate facilities and procedures are in place to safeguard petty cash from theft or misappropriation. At least the following controls should be implemented:

   - Provide safekeeping facilities commensurate with the size of the fund.

   - Limit access to the fund to as few employees as possible.

   - Require frequent reconcilement of the fund by someone other than the custodian.

   - Keep petty cash funds separate from other funds.

8. Report shortages or thefts immediately to the internal audit department and campus (or local) police. (Also see Section 14 of this guide.)

Detailed policies and procedures for managing petty cash funds are in University Policy FI0525.

TRAVEL

This section highlights the university's travel policies. Employees who travel while conducting or attending university-sanctioned activities may be reimbursed for expenses within the limits imposed by policy.

The university uses the federal meals and lodging per diem rates for travel inside the continental United States (CONUS) and travel outside the continental United States (OCONUS). Current CONUS and OCONUS rates are available on the U.S. General Services Administration website, *www.gsa.gov*. Employees should request government rates when booking hotel reservations and use their UT identification card to show their eligibility for government rates.

Highlights of Travel Policies

American Express
Because employees are not eligible for travel advances for most trips, the university makes an American Express card available for travel expenses. Certain employees may request a card to charge their travel expenses. For more details, see University Policy FI0710.

Approvals
Out-of-state and international travel must be approved by you (or your designee). International travel must also be approved by a vice-president or chancellor (or designee). These approvals are performed in the IRIS travel system.

Conferences
When attending conferences or other official meetings, employees will be reimbursed up to the conference lodging rate when they stay at the officially designated hotel (see also "Lodging," below). When they stay in an "overflow" or other hotel, employees will be reimbursed no more than the conference lodging rate plus taxes. If a conference lodging rate is not offered, CONUS or OCONUS rates will apply. Documentation must be provided to support the conference lodging rate.

Guests
The university will reimburse its guests, such as consultants and candidates for positions, for travel expenses. Transportation expenses will be reimbursed in accordance with university policy. Lodging should be arranged where CONUS or OCONUS rates are honored.

Integrity of Travel Expense Claims

Employees travel under such varied circumstances that abuses can easily occur. Department heads should be aware of university-wide travel policies and procedures and supplemental procedures at the campus or institute.

If such rates are not available, actual expenses will be reimbursed or can be billed directly to the university. Meals will be reimbursed in accordance with applicable meal per diem rates.

Honorariums

Employees who receive an honorarium from outside organizations must remit it to the university if they claim reimbursement for travel expenses.

Lodging

Employees will be reimbursed actual amounts for lodging up to the maximum rates established by the university. These rates differ for in-state, out-of-state, and international travel (also see "Conferences," on the preceding page). Original receipts are required for reimbursement.

Meals

Employees are reimbursed a daily allowance for meals. Eligibility for meal reimbursement is determined by the number of hours in travel status and whether meals are provided, for example, as part of a conference fee.

Procurement card

The university's procurement card may **not** be used for travel-related expenses, including airfare, lodging, registration fees, vehicle expenses, and meals. See Section 6 of this guide and Policy FI0530 for details.

Receipts

Acceptable itemized receipts must be submitted for all lodging, registration fees, airfare, and rental-car expenses, in addition to any other allowable expenses of $50 or more (for example, parking fees, taxis, airport limos, and other ground transportation).

Reimbursement of expenses

Employees should submit claims for reimbursement of travel expenses no later than 30 days after the completion of travel. Reimbursement checks for employees who participate in the direct-deposit program generally will be deposited within 10 days after the request is submitted via the IRIS travel system and the required documentation is received in the business office of the campus or institute. Guests of the university and employees who do not participate in direct deposit will receive a travel reimbursement check mailed to their home address.

Sponsored programs

Travel expenses paid from sponsored-program funds will be reimbursed in accordance with university policy unless otherwise stated in the grant or contract. Airfare will be reimbursed at standard coach fare, regardless of the funding source.

Tips

Tips may be reimbursed, but should not exceed 20 percent. Special situations or contractual requirements for tips exceeding 20 percent should be processed as an exception. The traveler is allowed to add the tip to the receipt.

Transportation

Employees should always choose the most practical and economical means of transportation. Employees usually travel by plane or vehicle (either private or university owned). The university will reimburse employees only for standard coach airfare and will reimburse the standard mileage rate for private vehicles.

Travel package

Employees may be reimbursed for the cost of a travel package when it is purchased to obtain the best overall cost for a trip. The package must contain only expenses covered by fiscal policy. An itemized receipt, statement from the vendor, or the **Travel Package Form (Form T-40)** must be provided to document that the expenses covered by the package were more economical than purchasing the items separately (see the Appendix).

WARNING:

Deliberate disregard of UT's travel policies while traveling on university business or filing an intentionally misleading or fraudulent travel claim is grounds for disciplinary action, including termination of employment.

Your Role in Managing Travel

Your responsibilities include the following activities:

1. Be familiar with the university's travel policies and ensure that all departmental employees who travel, process travel expenses, and make travel arrangements also are familiar with these policies.

2. Determine that all travel is justifiable before approving the travel or reimbursement of expenses. The travel should be necessary to conduct university business or to pursue the university's objectives. Conferences and other meetings should relate directly to an employee's duties and responsibilities.

3. Ensure that exceptions to Policy FI0705 for employees are obtained from the university treasurer and the chief business officer of the campus or institute. Approvals are performed in the IRIS travel system.

4. Approve advance registration for conferences by signing a **Conference and Seminar Registration Prepayment Form, Form T-30** (see the Appendix).

5. Approve all out-of-state and international travel via the **Travel Request** in IRIS (see the Appendix). The request must be approved in advance of the trip.

6. Obtain approval of your out-of-state and international travel from your supervisor (or supervisor's designee) via the **Travel Request** in IRIS.

7. Approve travel expense claims via the **Travel Expense Report** in IRIS (see the Appendix). Your approval indicates the expenses claimed are in accordance with university policy and payment should be made from the cost center or WBS element indicated.

8. Approve arrangements and expenses for all guests of the university, for example, consultants and candidates for positions.

9. Approve written requests for travel advances as allowed by university policy and ensure that requests are not made for students or for nonexempt employees who are not expected to be on campus 30 days after completing the travel to clear the advance.

10. Ensure that employees are conservative in expending university funds for travel.

Detailed travel policies, including rates for meals, lodging, and mileage, appear in University Policy FI0705.

ENTERTAINMENT

Occasionally departments may wish to entertain potential donors, alumni, visiting speakers, or candidates for positions, or they may want to host departmental functions or entertain for other valid reasons. This section provides an overview of entertainment guidelines.

Managing Entertainment Expenses

Entertainment expenses may be billed directly to the university or paid by the employee who hosts the function. The employee may be reimbursed from the business office of the campus or institute, from petty cash funds, or through usual disbursement procedures.

The university will pay for certain entertainment expenses provided the following conditions are met:

- The entertainment is appropriate in conducting university business.

- The location or facility does not discriminate on the basis of sex, race, religion, or disability.

- Appropriate documentation is obtained to support the expenses (see "Required Documentation" below).

- The group or individuals involved are identified and the number attending and the purpose of the event are indicated on the invoice or other documentation.

- The entertainment is approved by you or the chief business officer of your campus or institute according to the dollar limits noted in this section.

Required Documentation for Entertainment Expenses

At least one of the following types of documentation is required for reimbursement of entertainment expenses:

- **Petty Cash Reimbursement Request (Form T-44)** or, if in travel status, **Travel Expense Report** submitted via IRIS. Reimbursement requests must be supported by an official itemized receipt or statement issued by the vendor. The purpose and date of the function, number of people being entertained, average price per person (including beverages), and total amount due should appear on the receipt, the charge slip, or an attachment (see the Appendix).

Using the Procurement Card

UT's procurement card may be used for entertainment expenses less than $500 per function, subject to the documentation and approval requirements in this section.

Meals for UT Employees

Ordinarily, meals should not be provided at meetings attended solely by university employees, except on such formal occasions as banquets, retreats, and service-award recognitions or at group meetings for which travel is involved, like statewide staff meetings. Employees should pay for their own meals at routine meetings.

Alcoholic Beverages

Departments may not purchase alcoholic beverages with state funds. When such purchases are appropriate, the expense must be charged to a WBS element that permits alcohol purchases. The cost must be identifiable on an itemized vendor receipt or invoice.

Tennessee sales tax should not be included on invoices for entertainment expenses. The university is exempt from paying this tax. The exemption certificate in Policy FI0410 can be photocopied and presented to confirm UT's exempt status.

- A vendor invoice indicating the date of the function, price per unit, number of individuals being entertained, and total amount due. The group or individuals involved and purpose of the function must be written on the invoice or an attachment. The cost center or WBS element and general ledger account to be charged (446200) should also appear on the invoice.

Your Role in Managing Entertainment

You are responsible for the following activities:

1. Ensure that any entertainment meets the requirements in this section.

2. Review and approve the vendor invoice, **Petty Cash Reimbursement Form (Form T-44)**, or **Travel Expense Report** to request reimbursement of expenses.

3. Approve entertainment expenses under $500 per function or obtain the approval of the chief business officer of your campus or institute for expenses of $500 or more per function.

Detailed entertainment policies appear in University Policy FI0715. Also see Section 6 on procurement cards, Section 7 on petty cash, and Section 8 on travel for applicable information on entertainment.

WIRELESS DEVICES AND SERVICE

Many university employees need wireless service to fulfill their job requirements. With the appropriate approvals, such employees may use their personal plan and receive a monthly allowance, or they may obtain a UT-provided wireless device and service.

Personal Wireless Plans

Employees using personal wireless plans for university business may elect to receive an allowance of as much as $50 per month, depending on their usage requirements. Employees must complete an exception request form (see the Appendix). The allowance will be added to the employee's rate of pay as taxable income.

UT-Provided Wireless Devices

Employees who need university-provided wireless service must complete a request and justification form (see the Appendix) and procure all service and equipment through the Telephone Services department in Knoxville.

Telephone Services will help determine the most effective service plan obtained through the university's contracts to meet the employee's need for service. That office will contact the provider and arrange for the service and installation and will review billing each month to ensure that charges comply with contract terms. All costs associated with the equipment and service will be charged to the ordering department.

Basic paging service may be obtained directly from the vendor. Service contracts must adhere to university purchasing policies. The UT procurement card may be used for paging equipment and monthly charges but not to purchase cellular or other wireless equipment and service (see "Reminders," on the next page).

Key Term in Section 10

WIRELESS COMMUNICATION DEVICES are mobile units like cellular telephones and other e-mail connectivity devices that provide employees access to their departments, data, clients, and other resources to conduct university business when they are away from their offices.

WARNING:

Telephone records are considered public documents, and the news media have occasionally requested these records.

"Loose Lips Sink Ships"

When using wireless devices, employees should not discuss UT information considered confidential or proprietary, customer or personal account information, or PIN or credit-card numbers.

Reminders for Using UT Wireless Devices

- Wireless communication devices should be used only for official university business.

- When personal use is necessary, employees should reimburse the university within a reasonable amount of time.

- UT's procurement card should not be used to purchase wireless devices or service (except pagers, as noted on the preceding page).

- Employees are responsible for coordinating the repair of UT wireless equipment through Telephone Services. Cell phone batteries are an acceptable departmental purchase.

- Employees should report unauthorized use and theft or loss of UT wireless equipment to Telephone Services and to their department.

- Employees are responsible for all use of their wireless device, so they should never lend their university wireless equipment to anyone other than another employee.

- Employees wishing to upgrade equipment beyond the university's standard package may request to do so at their own expense (see the Appendix).

- Use of UT wireless communication devices is subject to audit.

- Serious violations of the university's policy on wireless devices may result in disciplinary action.

Your Role in Managing Wireless Service

Although each employee with a UT-provided wireless device is individually responsible for its appropriate use, charges for services and equipment are billed to the department. You are, therefore, ultimately accountable for managing this service, with the following oversight activities:

1. Ensure that all departmental users have read and understand the university's policy on cellular telephones and other wireless communication devices.

2. Authorize the use of wireless devices for appropriate employees by approving applicable UT forms, for example, those for requesting an exception for a personal plan, requesting wireless service, and requesting reimbursement for occasional business use of a personal wireless device (see the Appendix).

3. Periodically review the usage needs of employees who receive a monthly allowance to determine whether the allowance should continue.

4. Ensure that employees review and approve their monthly statements to substantiate the business use and reimburse the university for any personal use.

5. Report any theft or loss of university wireless equipment to Telephone Services at 865-974-3121.

6. Ensure that employees who separate from university service return their UT wireless equipment to your department. For employees who receive a monthly allowance, ensure that upon transfer or termination, the recurring allowance payment is properly canceled in the university's financial and human-resources system, IRIS.

For more information on the use of wireless communication devices, see University Policy FI0730.

Section 11

EQUIPMENT

The purpose of this section is to familiarize the department head with the duties regarding the acquisition, use, maintenance, disposition, and control of the equipment in the department's custody. Department heads are responsible for ensuring that established policies and procedures related to equipment are followed.

Maintaining Inventory Records

The equipment inventory is maintained on the university's financial and human-resources system (IRIS) and administered by the Equipment Records section of the Controller's Office in Knoxville. This system provides a means of entry, update, and retrieval of equipment information for staff members in your department and the Controller's Office. For example, your department may add items to the inventory, change an item's location or description, and print an inventory list from IRIS.

Accounting for Equipment

Creating an asset record

Before the expenditure of funds for movable and sensitive minor equipment can be approved, an asset record must be created in IRIS. This must also be done when equipment is acquired at no cost, for example, by gift or transfer with a grant. The asset class determines the general ledger (G/L) account number, which classifies the expense correctly in the IRIS system, so the asset class should be chosen carefully when creating the asset record.

Recording the expenditure

Movable and sensitive minor equipment expenditures are recorded in IRIS by posting an invoice against the appropriate asset record. Direct posting of invoices to these G/L accounts is prohibited, except by internal transfer. G/L codes are listed on the Controller's Office website.

LESSON LEARNED

An employee stole and sold a gift from a prominent individual, which had not been recorded on the university's equipment inventory. Proper recording of the gift on the inventory would have helped detect the theft earlier. The item's theft was widely reported in the media.

Key Terms in Section 11

EQUIPMENT is acquired by purchase, gift, or assembly and has a useful life of 1 or more years.

MOVABLE EQUIPMENT has a cost or fair market value of $5,000 or more. An asset record for a piece of movable equipment must be created in IRIS and the item must be tagged.

SENSITIVE MINOR EQUIPMENT is particularly vulnerable to theft and has a cost or fair value of $1,000.00 up to and including $4,999.99. An asset record for the item must be created in IRIS and the item tagged. Some examples of sensitive minor equipment are cameras and lenses, computers, modems, printers, fax machines, boats and motors, binoculars, musical instruments, microscopes, and televisions.

NOTE: The UT procurement card may not be used to purchase any equipment that costs $1,000 or more and is considered to be sensitive minor equipment. Purchasing such items by invoice allows them to be properly recorded in IRIS. See Policy FI0530 and Section 6 of this guide for details.

Your Role in Managing University Equipment

Your responsibilities in managing university equipment are listed below. The business office of your campus or institute may handle some of these responsibilities. You may choose to delegate some of the routine activities.

1. Ensure that detailed inventory records are maintained for the department.

2. Maintain university equipment in your department's control so that its maximum useful life is realized.

3. Ensure that university equipment is used only for official business. When equipment must be removed from the university for official reasons, it should be checked out properly. (Policy FI0605 contains a sample checkout form that may be photocopied for this purpose.)

4. Ensure that an annual inventory of equipment is conducted and verified with the annual inventory list provided by the Controller's Office. (The inventory is usually done in the fall.) The list should then be returned to the Controller's Office.

5. Ensure that newly acquired equipment is promptly tagged and the tag numbers are entered in IRIS. Request duplicate or replacement tags when the originals are damaged or missing.

6. Ensure that an asset record is created in IRIS by entering or verifying all purchased or donated equipment. An **Equipment Acquisition Report (Form T-66)** should be completed for equipment received at no cost, that is, by gift or assembly or furnished by the government (see the Appendix).

7. Ensure that expenditures for equipment are recorded in IRIS with the appropriate general ledger account number. When items are attributed incorrectly, the department's financial records may be inaccurate.

8. Ensure that computer hard drives and other electronic media containing confidential or sensitive data are sanitized (that is, the data is made inaccessible) before disposal or transfer. (See Section 16 of this guide for details on UT's information-technology resources.)

9. Authorize any transfer or disposition of equipment, other than surplusing, and report the transactions on an **Equipment Inventory Change/Deletion Request (Form T-64)**. (See the Appendix.)

10. Authorize the disposition of unwanted or obsolete items to the surplus property department (or designee) by signing a **Surplus Form** (see the Appendix).

11. Report any theft or mysterious disappearance of equipment to your campus or institute police department or local law-enforcement authorities and submit a **Form T-64** to remove the item(s) from the official inventory records.

Detailed equipment policies are in University Policy FI0605. For policies on other types of university property, also see FI0610 (surplus property), FI0140 (unclaimed property), and FI0615 (gift personal property).

Section 12

RECEIVING AND DEPOSITING MONEY

This section is meant to familiarize department heads with the university's policies and procedures regarding the receipt of money by UT departments. Money received as payments is extremely vulnerable to theft or misappropriation. It is therefore essential that departments take all appropriate actions to safeguard these funds until they are deposited.

Receiving Money

Departments must record all money received on a **university receipt (Form T-43** or approved equivalent), cash register, or other acceptable method. If your department receives currency, an official receipt (Form T-43, cash register receipt, and so forth) must be given to the payer.

Departments that are unable to issue an acceptable UT receipt should not accept currency payments. If the payer must transact in currency and your department cannot issue an acceptable receipt, an employee should complete a **Report of Departmental Collections (Form T-33)** and accompany the payer to the central cashier's office to obtain a receipt (see the Appendix).

Departments that regularly receive payment for goods and or services should develop written procedures to collect and transmit the money to the central cashier of the campus institute or deposit it into a depository account. Sample procedures for accepting and depositing money received are available in University Policy FI0310.

Such departments are eligible to accept debit and credit cards, both on-site and through the internet. Departments must follow campus-specific guidelines and procedures, which must be reviewed by the senior information-technology officer, the business office, the internal audit department, and the Treasurer's Office.

Key Terms in Section 12

MONEY includes currency, checks, and other negotiable instruments received by a department for goods or services or as a refund, reimbursement, or gift.

A **DEPOSITORY ACCOUNT** is a bank account into which university funds are deposited.

A **MONTHLY RECONCILIATION** consists of comparing the original receipts to the deposit document printed from IRIS or the Report of Departmental Collections (Form T-33) and the official accounting records.

LESSON LEARNED

An employee responsible for taking deposits to the bank altered the amount deposited and removed some funds. Routine reconciliation of deposits to supporting receipts and other records by another employee would have detected this theft sooner.

Safeguards for Receiving Money

- Payers should be instructed to make checks payable to "The University of Tennessee." Checks should not be made payable to individual departments or employees.

- All checks received must be endorsed immediately with a *University of Tennessee* restrictive endorsement stamp. The endorsement also must identify the receiving department.

- Faculty members may not collect money from students.

- If a receipt for payment is prepared in error, it should be voided immediately and all copies retained. A new correct receipt should be issued to replace the voided one.

- Employees who invoice customers or record payments in accounts-receivable records should not have access to money received.

- Until deposited, funds must be safeguarded adequately at all times. Access should be limited to two or three responsible employees.

- In general, employees should not serve as custodian for third-party funds (that is, funds belonging to outside organizations) as part of their official duties unless the money is recorded in an agency fund with the university. See Policy FI0310 for exceptions.

Depositing Money

University policy requires departments to transmit all money received to the campus's central cashier or to a depository account within 3 business days of receipt. Departments that receive large amounts of cash should deposit or transmit daily.

For all deposits (except debit- and credit-card deposits), the central cashier must be notified through a **deposit document** printed from IRIS (ZK document) or a **Form T-33**. The deposit ticket must accompany the printed ZK document or T-33.

All money received by a department on June 30 each year **must** be deposited on July 1 and clearly marked "July 1 as of June 30" to be properly recorded for the correct fiscal year.

Safeguards for Depositing Money

- If large sums of money are involved or if the facilities do not provide adequate physical security, departments should avoid retaining money received over nights, weekends, and holidays.

- Deposits should never be sent through campus mail.

- Departments should use university security personnel to transport large deposits.

- Departments must retain copies of all ZK documents (or Form T-33s) and bank deposit tickets in good order for the time period stated in the university's records retention schedule (Policy FI0120).

- All funds must be deposited intact. Expenditures may not be made from money received, and the money may not be kept in a department for its use.

- A monthly reconciliation should be performed, preferably by an employee who does not handle money. The department's deposits must be reconciled to the appropriate university cost center or WBS element to verify that the correct amount was deposited and credited to the department's ledgers.

Crediting Funds to the Appropriate Cost Center or WBS Element

- Money collected from the sale of goods or services generally is considered to be revenue and should be credited to an income cost center.

- Money collected to reimburse prior expenditures (for example, personal copies made by employees) should be credited to the appropriate expense cost center and general ledger account.

- Money collected as gifts should be credited to a gift fund balance.

- Money may be collected for other purposes and should be credited appropriately, for example, to accounts receivable, revolving accounts, and so forth.

- State and local sales taxes must be collected on the retail sale of certain goods and services, like ticket sales. For details, see Policy FI0310 or contact the business office of your campus or institute or the Treasurer's Office.

Your Role in Managing Money Received

Your primary responsibility is to ensure that a system is in place to record and safeguard all money received until it is deposited. You should periodically review departmental records and the procedures used in this system.

Besides maintaining the controls listed previously for accepting and depositing money, your responsibilities are to ensure the following conditions:

1. Employees who are assigned cash-handling duties should be trustworthy and trained adequately in the appropriate procedures. Written procedures should be available to these employees.

2. You (or your designee) must sign the **Report of Collections (Form T-33)**. The department head's signature certifies that the document accurately reflects the deposit of all money received and that the cost center or WBS element to be credited is correct.

3. Documentation of money received and deposits should be maintained in good order for the period specified in university fiscal policy (Policy FI0120).

4. Appropriate sales tax should be collected for all taxable transactions and state sales-tax returns completed and mailed to the business office of your campus or institute or Treasurer's Office in a timely manner (by the 10th day of the month after which the tax is due).

For more details on receiving and depositing money received, see University Policy FI0310. Also see Section 13 of this guide for procedures to follow when losses such as shortages and thefts occur.

Section 13

SHORTAGES, PROPERTY LOSSES, AND FRAUD

This section addresses the department head's responsibilities in handling cash shortages, losses of equipment and other university property, and suspected fraud, waste, or abuse regarding university resources. The department head's primary responsibility is to report the situation to the proper authorities as soon as possible after it is discovered.

When any such incident is discovered or suspected, the department head should determine whether an employee might be involved. Depending on the type of asset allegedly lost, the method of loss, and whether a university employee is involved, an investigation will be conducted by campus police or by Audit and Consulting Services.

University Policy FI0130 should be consulted if employee involvement is suspected; if employee involvement is not suspected, consult Policy FI0131.

Cash Shortages and Property Losses

You should report **cash shortages** of $250 or more and **thefts** in which a UT employee is suspected to the internal audit department of your campus or institute.

Cash and **UT property losses** resulting from robbery or apparent burglary should be reported immediately to the police department of your campus or institute (or to local police and the business office).

Fraud, Waste, and Abuse

You are responsible for reporting suspected fraud, waste, or abuse by employees, outside contractors, or vendors and any such allegations made to you. Information received regarding such activity is confidential under state law, though court action could require disclosure. State law also prohibits discrimination or retaliation against employees who report allegations.

Reporting fraud, waste, and abuse

You should make members of your department aware of the options for reporting suspected fraud, waste, or abuse. Employees and students may report dishonest acts in the following ways:

- To his or her supervisor or department head

- To a campus or institute official

Key Terms in Section 13

A **SHORTAGE** is a theft or unexplained loss of university funds. For example, shortages may occur when revenue deposited is less than revenue actually received or recorded or when the petty cash on hand is less than the amount assigned to the department.

PROPERTY comprises university equipment and supplies.

FRAUD, WASTE, AND ABUSE generally involve deliberate acts with the intention of obtaining an unauthorized benefit. Examples of fraud, waste, and abuse are theft or misappropriation of UT resources, improper and wasteful activity, unauthorized alteration or manipulation of computer files, forgery or alteration of documents, bribery or attempted bribery, authorizing or receiving compensation for hours not worked, and so forth.

- Directly to Audit and Consulting Services

  System Office: 865-974-6611
  Chattanooga: 423-425-4715
  Memphis: 901-448-1435

- To State Audit's Hotline for Fraud, Waste, and Abuse: 800-232-5454

Table 13.1 Reporting Shortages, Property Losses, and Suspected Fraud

REPORT TO INTERNAL AUDIT	REPORT TO CAMPUS OR LOCAL POLICE
A cash shortage of $250 or more has occurred	A robbery or burglary has occurred
A UT employee is suspected of fraud, waste, or abuse	UT property has been stolen or removed without permission (Equipment should be removed from the inventory list, if applicable.)
A vendor, contractor, or other non-UT employee is suspected of dishonesty involving UT resources	

When Shortages, Property Losses, or Fraud Occur

You are **required** to take the following actions when shortages, property losses, or fraud occur:

- Call the internal audit department of your campus or institute, Audit and Consulting Services, or your campus (or local) police department to report a theft or unauthorized removal of university property.

- Provide the auditors or security personnel access to departmental employees and records during investigations.

- Help auditors and police secure departmental assets and records during investigations.

- If appropriate, submit an **Equipment Inventory Change/ Deletion Request (Form T-64)** to the Equipment Records section of the Controller's Office after the investigation is completed (see the Appendix).

- Implement necessary procedures to reasonably protect university assets from future losses of a similar nature.

- If applicable, cooperate with the chief business officer of your campus or institute, the human-resources office, the chief financial officer, and the general counsel's office to (1) determine and implement appropriate disciplinary action against employees, and (2) ensure that the general counsel or the chief financial officer pursues recovery of damages from theft or loss.

You **should not** take any of the following actions:

- Conduct investigations to determine the total amount of assets lost or to identify responsible parties.

- Alert the suspected individual(s) of an impending investigation.

- Negotiate any settlement with employees who are suspected of theft.

- Collect amounts owed to the university by employees as a result of theft.

- Take any disciplinary action against an employee, other than suspension, before an investigation is complete.

- Accept the resignation of any employee who is suspected of, under investigation for, or guilty of theft unless approved by the chief financial officer.

Warning:

When circumstances warrant, employees who fail to report fraud, waste, or abuse or who knowingly make false accusations are subject to disciplinary action. Employees who fail to cooperate with UT, state, or federal investigations of such activity are subject to disciplinary action, up to and including termination of employment.

Be Sure Before You Accuse

Before making allegations of dishonesty, you should be reasonably certain of any claims. Such allegations can affect the accused person's life negatively and can damage the working environment of your department.

Your Role in Safeguarding Assets

Your responsibilities for safeguarding university assets include the following activities:

1. Create a culture of honesty and ethics in your department.

2. Ensure that the resources entrusted to your department are used ethically, prudently, and for their designated purpose.

3. Ensure that procedures are developed and maintained to safeguard university assets from fraud, theft, or abuse either by employees or by outside parties and develop an appropriate oversight process.

4. Ensure that procedures are developed and maintained for employees to identify when assets are lost and to report losses to their supervisors. Also, evaluate current processes and controls to ensure that adequate safeguards exist.

5. Report any of the following events to the internal audit department of your campus or institute or to Audit and Consulting Services:

   - One-time losses of university funds of $250 or more

   - A suspicious pattern of losses less than $250

   - Any suspicion of fraud or theft of funds or property by an employee

ACCOUNTS RECEIVABLE

Accounts receivable represent debts owed to the university for goods and services the university has provided to its customers. These short-term debts are expected to be repaid within 30 days with no interest charge.

The responsibility for collecting accounts receivable is usually left to the department that provided the goods or services. This section details the department head's responsibilities for the accounts-receivable function.

Safeguards for Accounts Receivable

- Where possible, separate the duties of the accounts-receivable bookkeeper from the cashier. The employee who records payments in the customer accounts should not have access to those payments.

- Maintain the department's collection procedures in writing.

- Retain documentation of all collection efforts, including copies of invoices, correspondence with customers, notes of phone calls, memos to legal counsel, and correspondence with collection agencies.

- Discontinue services for delinquent customers and place holds on the release of student grades and records and on registration privileges.

- Use prenumbered invoices and account for all invoices.

- Require the accounts receivable bookkeeper to obtain supervisory approval for all adjustments—any transaction other than a charge or payment, usually made to correct errors—to customer accounts receivable (see "Customer and Control Accounts," next page).

- Direct customers who dispute their account balances to someone other than the cashier.

- Periodically reconcile the total of customer accounts receivable to the control balance (see "Customer and Control Accounts," next page).

- Periodically age customer accounts-receivable balances and review past-due accounts.

Key Terms in Section 14

An **AGING** is a method of analyzing the collectibility of outstanding accounts receivable. An aging is performed by categorizing individual customer account balances according to their age, usually the time since the last payment was received.

A **WRITE-OFF OF ACCOUNTS RECEIVABLE** reduces the customer account balance to zero. Accounts that are determined to be uncollectible may be written off the university's accounting records.

Customer and Control Accounts

When a customer receives goods or services on credit, the amount of the sale should be added (a debit entry) to the customer's account, thus increasing the balance. When the department receives a payment from the customer, the amount of the payment should be subtracted (a credit entry) from the account, thus decreasing the balance. At any point, the difference between the credit sales and payments recorded will be the customer's account balance. Generally, a positive balance represents the total accounts receivable the customer owes to the university.

Customers' payments and credit sales are maintained in a single summary account called a control account. As with customer accounts, credit sales increase the balance of the control account, and payments from customers decrease the balance. These entries usually are made in summary form. The difference between the charges and payments is the **control balance**, sometimes called the "control total." If the control balance is correct, it should equal the sum of all customer account balances. A difference would indicate an error in either the control balance or at least one customer account balance.

LESSON LEARNED

An employee stole several thousand dollars by taking customer payments and fraudulently adjusting their accounts. Better monitoring of payment information, separating collection and posting responsibilities, and additional requirements for account adjustments would have prevented this theft.

Your Role in Managing Accounts Receivable

Your primary responsibility is to ensure that your department has procedures in place to accomplish the tasks listed below. These activities may be delegated to a staff member.

1. Maintain an account—a customer or subsidiary account—for each credit customer to record the charges and payments made by the customer.

2. Maintain a single summary account—a control account—to record all customers' payments and credit sales and to reconcile to the customer accounts total. The purpose of the control account is to assure that payments and charges are recorded accurately in the individual customer accounts and to keep a current total of all outstanding accounts receivable owed to your department.

3. Periodically perform an aging of accounts receivable to determine whether outstanding accounts are collectible. (Policy FI0305 contains the approved aging schedule.)

4. Make a diligent effort to collect outstanding accounts receivable. (See Policy FI0305 for collection effort requirements.)

5. Each month, reconcile returned checks on hand to the amount shown in the university's financial and human-resources system (IRIS).

6. Initiate requests to write off all uncollectible accounts. Accounts should be written off to properly reflect accounts receivable in IRIS and to avoid unnecessary collection expenses. Requests should be submitted on an **Accounts Receivable Write-Off Request (Form T-35)**. (See the Appendix.) Procedures for writing off accounts are detailed in Policy FI0305.

7. Each June 30, establish an allowance for doubtful accounts to reflect the estimate of uncollectible accounts. This allowance is used to reduce the total amount of accounts receivable on the university's financial statements.

8. Report certain information regarding accounts receivable to the appropriate office at the end of each fiscal year to ensure that accounts receivable are recorded accurately and fairly in IRIS. Departments will be notified annually where to send the necessary information. Contact Audit and Consulting Services if such notification is not received.

9. Maintain appropriate controls to safeguard university assets.

Policies and procedures for managing accounts receivable are detailed in University Policy FI0305.

Section 15

RECORDS MANAGEMENT

Department heads are responsible for the records-management function in the department. The university's records retention and disposition policy, Policy FI0120, guides employees who have records-management responsibility. The policy adheres to guidelines issued by Tennessee's Department of General Services.

The retention schedule in Policy FI0120 lists the minimum retention periods necessary to meet legal, fiscal, and administrative requirements. Records to be retained are business and financial, employee, purchasing, risk-management, student, and transportation and traffic records. The policy also gives guidelines for establishing a cost-effective records-management program within the department.

Compact Storage of Paper Records

Compact storage media—microfilm, microfiche, or electronic files—provide a space- and cost-efficient means of storing records that were originally hard copies. Once records are transferred to a compact storage medium, it is no longer necessary to keep the original paper copy. Before discarding paper copies, however, departments must ensure that the records to be stored are readable, retrievable, and transferable. The stored records must be kept for the minimum retention period (the time in office plus the time in storage) specified in Policy FI0120.

Filing Records in the Department

Official records must be stored in a manner that is consistent; protects against misplacement, destruction, or theft; and allows quick identification and retrieval. The department is the responsible unit for certain official records. Failure to retain proper documentation can result in disciplinary action, up to and including termination of employment.

The following filing methods are suggested for payroll, disbursement, and deposit records:

- Separate records by type or category, for example, paid invoices, deposit information, procurement-card data, and payroll information.

- Store payroll records chronologically by pay period.

- Store deposit information chronologically.

- Separate procurement-card records by card number and file receipts with each card statement in chronological order.

- Store paid invoices and other disbursement documents by cost center or WBS element; by fiscal year, if fewer than 25 invoices are paid each year; or by vendor, if more than 25 invoices are paid each year.

Key Terms in Section 15

A **RECORD** is any unit of information, regardless of form, made or received by any administrative staff member in transacting university business. Examples of records are books, letters, maps, memos, forms, reports, photographs, films, X-rays, microfiche, and electronic files.

A **RETENTION SCHEDULE** is a list of the minimum periods for which an organization's records should be retained for legal, fiscal, or administrative reasons. It is usually organized by groups of similar records.

WARNING:

Before disposing of or transferring electronic media that contain sensitive or confidential information (medical, student, or employee information), the information should be made inaccessible by sanitizing computer hard drives and shredding sensitive documents so that the data cannot be retrieved.

TIP:

Whenever feasible, records not needed to conduct current business and those that are consulted infrequently should be stored outside the department in campus facilities or approved off-site storage facilities.

Your Role in Records Management

Your primary responsibilities include these activities:

1. Ensure that all records are maintained properly (see Policy FI0120).

2. Ensure that your department has developed a written retention schedule for any records not addressed in university fiscal policy, for example, intra-office memos or departmental reports.

3. Ensure that all employees are aware of and consult the retention schedules of both the university and your department before disposing of any records.

4. Review, or designate someone to review, departmental records at least once a year to dispose of all non-records, for example, drafts and extra copies of documents, and records whose retention periods have expired. Note that some records must be audited before disposal; see Policy FI0120 for details.

5. Review and approve (sign) a list of records scheduled for disposal before action is taken and ensure that the approved list is retained.

NOTE: Regardless of the storage method chosen, original, confidential, and sensitive documents should be stored in a secure place.

Section 16

INFORMATION TECHNOLOGY RESOURCES

The University of Tennessee provides information-technology (IT) resources for conducting authorized university business related to education, research, service, and administration. This section describes the department head's obligations in ensuring that the university's IT resources are used responsibly and according to acceptable standards. Responsible and acceptable use preserves the integrity, confidentiality, and availability of these resources and establishes user accountability.

Each department is responsible for security on its computer systems. Departments may apply more stringent security standards than those detailed in this section and in University Policies IT0110, IT0115, and IT0120 as needed. Departments must follow at least the principles and rules established in those policies, however, or risk losing connectivity to the university's networks and use of information-technology resources.

User Responsibilities

The university uses a variety of measures to protect the security of its computing resources and its users' accounts. Users must, however, share in this responsibility and should engage in such safe computing practices as routinely changing passwords, ensuring the integrity of any electronic media introduced, and maintaining current virus-protection software.

Reasonable minimal personal use of the university's IT resources is allowed, as stipulated in Policy IT0110. Departments may, however, impose further restrictions on personal use.

Prohibitions

The following are examples of prohibited activities:

- Using IT resources for personal gain; illegal or obscene activities such as theft, fraud, gambling, copyright infringement, and sound- or video-recording piracy; and either viewing or distributing illegal pornography

> **NOTE:** The prohibition above does not apply to faculty members' scholarly activities, including the writing of textbooks or other teaching materials, and appropriate consulting activities. For guidelines, see the faculty handbook for your campus or institute.

- Using e-mail inappropriately, including the initiation or transmission of chain mail, harassing or hate mail, viruses, spam, junk mail, and so forth

Key Terms in Section 16

INFORMATION TECHNOLOGY (IT) RESOURCES are defined as, but are not limited to, computers, computer systems, network devices, telephone systems, or software applications.

HACKING is gaining unauthorized access to computer systems for the purpose of stealing and corrupting data or using a system to access another computer system.

E-COMMERCE (electronic commerce) is the process of buying and selling goods and services and transferring payment over the internet.

A **FIREWALL** is a device or software package that can actively monitor internet traffic to and from a computer, provide detailed logs of hacking attempts against a computer, and be configured to block undesired traffic. Firewalls

can significantly hinder a hacker's ability to acquire information about or from a computer.

To **SANITIZE** is to remove data from storage media so that the data cannot be retrieved.

A **SECURITY INCIDENT** is an irregular or adverse event that occurs on any part of the network. Examples of security incidents are computer intrusions, denial-of-service attacks, insider theft of information, copyright violations, and any unauthorized or unlawful activity that requires support personnel, system administrators, or computer crime investigators to respond.

CONFIDENTIAL INFORMATION comprises, but is not limited to, Social Security numbers, credit-card numbers, personally identifiable information, and information covered by the Family Educational Rights and Privacy Act (FERPA), the Gramm-Leach-Bliley Act (GBLA), or the Health Insurance Portability and Accountability Act (HIPAA).

A **BENCHMARK** is an acceptable industry standard. The Center for Internet Security has collaborated with industry leaders to develop benchmarks for most operating systems. When the operating system settings are configured to a security benchmark, the system is much less vulnerable to an internet attack than if the system is left at default settings.

- Hacking or attempting to hack into university computers or networks, which includes attempts to make any unauthorized connection to the UT network, to use the university's IT resources without authorization, and to intentionally damage or disable computers, networks, or software

- Using any university resources, including IT resources, to endorse specific political candidates

Privacy

While the university recognizes the role of privacy in an institution of higher learning and will make every attempt to honor that ideal, users should have no expectation of privacy of information stored on or sent through university-owned information systems and its communications infrastructure. The university also reserves the right to preserve or inspect without notice any information transmitted through or stored in its computers, including e-mail communications, as deemed necessary.

Incident Response

A suspected compromise of any system that stores, processes, or transmits information considered confidential—for example, student-information, credit-card, or patient systems—must be reported immediately to the campus or institute office that handles information security incidents to ensure that any evidence is not corrupted.

These are examples of security events that must be reported:

- A system alarm from an intrusion-detection tool

- Suspicious entries in system or network accounting

- New user accounts or files of unknown origin and function

- Unexplained changes to file sizes or date/time stamps

- Unexplained addition, deletion, or modification of data

- Denial-of-service activity

- Unauthorized operation of a program

- Unusual usage patterns

When a security event is suspected, evidence collection and network monitoring must be initiated immediately. Otherwise, critical information may be destroyed before investigators have a chance to review it. For more information on reporting security incidents and the incident-response process, see "Computing Resources," on page 71.

Good Password Sense

Strong, secure passwords should not be publicly displayed, be written down or shared, contain the user's name or part of any name, or be based on personal information.

Passwords should be constructed from elements in at least three of the following four categories and should contain at least eight characters:

- Numeric
  (1, 2, 3, 4, 5, 6, 7, 8, 9, 0)

- Special
  (/, [, -, =, +, !, #, $, and so forth)

- Lowercase
  (a, b, c, d, e, f, g, and so forth)

- Uppercase
  (A, B, C, D, E, F, G, and so forth)

Virus Protection

These are the three most important ways to protect a computer from virus infection:

1. Apply security updates to the operating system and other installed applications as soon as they are available.

2. Be careful and selective in opening e-mail attachments.

3. Install the free antivirus software supplied by the university, preferably before connecting the computer to a network. (See "Computing Resources, on page 71.")

Warning:

The use of the university's IT resources is governed by all applicable UT policies and state and federal laws. Violators are subject to disciplinary action, including the loss of IT privileges or termination of employment. Illegal activities involving these resources may also be subject to prosecution by state or federal authorities.

Your Role in Managing IT Resources

You are responsible for the following oversight activities:

1. Ensure that all departmental staff members who use IT resources are familiar with and abide by applicable university policies, acceptable-use policies of your campus or institute, and applicable laws. See "Computing Resources," on page 71.

2. Ensure that staff members use the university's IT resources appropriately to fulfill their work responsibilities and that personal use, including e-mail, is reasonable and appropriate.

3. Ensure that users employ safe computing practices, including strong password management and antivirus protection, among others.

4. Ensure that your departmental system administrator(s) takes appropriate measures to maintain the security of IT data and systems, including installing firewalls, installing routine upgrades and patches to operating systems and software, and configuring operating systems according to an appropriate benchmark such as the Center for Internet Security Benchmark. (See "Computing Resources," on page 71.)

5. Ensure that UT computing equipment in the department's custody and control is adequately safeguarded against theft and damage and that any confidential information stored on the equipment is protected and maintained in a manner that protects its integrity and confidentiality.

6. Ensure that computer hard drives and other electronic media containing confidential or sensitive data are sanitized before their disposal or transfer.

7. Ensure that any e-commerce systems present information in a manner that conforms to policies and preserves the university's image and reputation. E-commerce systems must maintain adequate security and safeguard the integrity of data related to these transactions. For approval requirements and other details, see Policy FI0310 on internet sales.

8. Report any security-related incidents to the appropriate campus or institute department (see "Computing Resources," on page 71).

9. Ensure that users comply with software license agreements regarding applicable copyright laws and file sharing, as addressed in Policy IT0110.

10. Forward any requests for release of documents under the Tennessee Public Records Act to the public relations office of your campus or institute.

Computing Resources

Information Technology/Computer Services Offices

Knoxville (Office of Information Technology):
http://oit.utk.edu/

Health Science Center (Information Technology Services):
http://www.utmem.edu/comp/

Chattanooga (Information Technology Division):
http://itd.utc.edu/

Martin (Information Technology Services):
http://www.utm.edu/departments/its/

Space Institute (Computer Services):
http://cs.utsi.edu/

Free Antivirus Software

Knoxville:
https://antivirus.utk.edu/

Health Science Center:
http://antivirus.utmem.edu/

Chattanooga: See Help Desk for installation of antivirus software
(http://itd.utc.edu/forms/hdrequest.php)

Martin:
http://security.utm.edu/

Space Institute:
http://cs.utsi.edu/download.php

Reporting Security Incidents

Knoxville:
http://security.utk.edu, Security Incident link, or e-mail security@utk.edu

Health Science Center: Call the Compliance Office Hotline at
901-448-4900, e-mail the security officer at security@utmem.edu, or
complete the compliance/privacy complaint form at
http://www.utmem.edu/compliance

Chattanooga: E-mail security@utc.edu

Martin:
http://security.utm.edu/rep_form.php, or
e-mail helpdesk@utm.edu

Space Institute: E-mail security@utsi.edu

LESSON LEARNED

A student stole a long-distance authorization code from an employee and shared it with friends, who shared it with other friends, and so on, resulting in $25,000 in unauthorized phone calls. Better security for the code would have prevented this breach. Failure to secure passwords can result in similar abuse.

Security Incident Response Process

Knoxville, Institute of Agriculture, Institute for Public Service, and Space Institute: Incident Response Process
https://my.tennessee.edu/pls/portal/url/ITEM/0AA75962B0B86D82E0440003BA562861(draft)

Health Science Center:
http://www.utmem.edu/ephi/IncidentResponse1-0.pdf

Chattanooga:
http://www.utc.edu/Administration/WalkerTeachingResourceCenter/AUP/

Martin:
http://security.utm.edu/policies.php

Benchmarks and Standards

Center for Internet Security's Operating Systems and Database Benchmarks:
http://www.cisecurity.org

National Institute of Standards and Technology on Information Technology—Computer Security Resource Center:
http://csrc.nist.gov/

FORMS AND REPORTS

Financial Management (Section 1)

Enter and Revise Budgets

Budgeting Workbench (FMBB) allows the proposed budget by primary commitment item to be entered and changed.

Cost Distribution by Position (PA30) allows the cost center(s) and WBS element(s) that pays for a position to be changed (that is, change the distribution of pay) during the salary budget process. Also allows salary changes for student employees only.

Request for Budget Revision (Form T-15) allows the transfer of funding from one general ledger account in the budget to another. Such transfers are made so that the budget reflects the department's anticipated expenditures more accurately.

Restricted Budget Form (Form T-1) allows the budget for sponsored-program WBS elements to be recorded and revised.

Review and Reconcile Budget Preparation

Commitment Item Summary Report (ZSBUD_SUM) summarizes salary budget position data by commitment item and fund (cost center or WBS element). These figures must match the proposed budget.

Employee Salary Report (ZSBUD_EMP_SALARY) provides information, including annualized salaries, for selected employees by using various selection criteria.

Position Detail Report (ZSBUD_DET) lists the positions currently budgeted in a cost center or WBS element. The report shows the employee(s) occupying each position or indicates if it is a lump-sum position.

Reconciliation Reports (ZSBUD_RECON and ZSBUD_RECON2) allow the reconciliation of salary budget and proposed budget figures to ensure that they match. If not, determine why and make appropriate corrections.

Unbudgeted Position Report (ZSBUD_UNBUDGETED_POS) provides the positions currently responsible to a cost center, but not budgeted in either a cost center or WBS element. These positions may be filled or unfilled.

Unoccupied Positions Report (Periods When Positions Are Unoccupied per Organizational Unit—S_AHR_61018869)

displays all unoccupied positions for some or all selected periods for an organizational unit. Provides the number of days the position was unoccupied during the period. The report shows budgeted and unbudgeted positions.

Identify Budget Revisions

Budget Overview (FMRP_RW_BUDGET) gives an overview of the original budget, subsequent revisions, and current budget of the selected funds or funds centers and allows the user to drill down to the budget entry documents.

Display Budget Entry Documents (FMEDDW) or **Budget Change Line Items (Annual and Overall) (ZFM_BCS_BGTCHANGE)** lists original and revision budget line items for the selected funds or funds centers and allows the user to drill down to the budget entry documents.

Monitor Funds (Budget Versus Actuals)

Annual Budget vs. Actuals (ZFM_BCS001D) provides a report of budget, encumbrance, actuals, and available balance figures by fund, funds center, commitment item, or period for the selected expense or revenue funds. Users can drill down to the original documents that comprise the financial totals.

Department Ledger Report—staff benefits (ZDEPT_LEDGER) is a financial statement of a single fund. The report is divided into three sections. The Sources and Uses of Funds is a high-level summary of activity. The Description of Current Period Line Items lists documents that have posted during the month. The Budget Analysis provides a budget versus actual summary at the cost element level. Reviewing this report monthly helps departments ensure that financial transactions are appropriate, accurate, and recorded properly.

Department Ledger Report—no staff benefits (ZE_LEDGER) is similar to the ZDEPT_LEDGER report, but excludes the staff benefits commitment items. The two reports have similar submission screens and identical formats, both online and in printed form. The ZE_LEDGER submission screen excludes some of the selection criteria that apply only to WBS elements. Departments should not use this report for any fund that funds its own staff benefits. Funds that are centrally funded for staff benefits expenses are funded (budgeted) for these expenses only at the end of the fiscal year. The

ZE_LEDGER reflects the amounts still available in the budget during the year more accurately than the ZDEPT_LEDGER report.

Overall Budget vs. Actuals–Department (ZFM_BCS002D) provides a budget versus actuals report of selected restricted funds. Typically used to show a cumulative financial summary, it can be pivoted to show encumbrances and actuals by the fiscal year as well. This report shows budget, encumbrance, actuals, and available balance figures by fund, funds center, commitment item, period, or fiscal year. Users can drill down to the original documents that compose the financial totals.

Restricted WBSE Fiscal Year Report (ZFWBS011) is intended to assist department heads in monitoring the fiscal-year activity of all restricted WBS elements for which the faculty members in their department are listed as principal investigator in IRIS. The report includes all types of restricted WBS elements, including gifts and sponsored programs, and divides the fiscal-year activity into direct and F&A costs.

Salary Budget Position Comparison Report (ZSBUD_POS_COMPARE) is used any time of year to list changes to positions in the selected funds center, cost center, or WBS element. This report is used to account for changes in employee FTE.

WBS Element Summary (ZFM_WBS_Summary) provides a one-page expenditure analysis of a single restricted fund administered in the department and lists an additional estimated direct cost left to spend based on the obligated amount.

Monitor Cost Centers (Long-Range Trend Analysis)

Cost Centers: Fiscal Year Comparison (S_ALR_87013624) provides a 3-year comparison by cost element, with percentage and amount variance between years (a 1-year, 4-quarters comparison also exists).

Reconcile or Project Payroll Amounts

Additional Pay List (ZQR_EXTRA_PAY) lists detail by person of this type of pay for the selected cost center(s) or person(s).

Cost Center/WBS Distribution Report (ZPR_CC_WBS_DIST) lists payroll detail by person for specified periods, funds, and funds center selections to reconcile with posted amounts. The report details the payroll charges posted to a paying cost center or WBS element.

These charges should be checked against an employee's scheduled pay or time reported while reconciling the departmental ledgers.

Detailed Check Register (ZPR_DETAIL_CHECK_REGISTER) lists the gross and net amounts paid by check and direct deposit on the current payroll to employees administratively responsible to the cost center. A copy of the register is included in the distribution packet sent with each payroll. Departments must also generate this report 2 days before payday to verify that the individuals listed are employees and the amounts paid are appropriate.

Payroll Encumbrance Detail Report (ZPR_PAYENCUMB_ DETAIL) shows the detail of posted payroll encumbrance amounts by individual per the selected report period and funds. Because payroll encumbrances are calculated based on the individual's expected future employment, the encumbrance adjustments posted in a period may not correspond with actual pay data for the same period. The report must be generated by either monthly or biweekly payroll type and can be run only for a past pay period. Special unscheduled payments, like overtime for biweekly employees, are not included in this report.

Payroll Encumbrance Projection Report (ZPR_PAYENCUMB_ PROJEC) lists by person a fresh calculation of payroll encumbrance amounts, typically for future pay periods, including any recent payroll changes.

Recurring Pay List (ZQR_RECUR_PAY) lists detail by person for this type of pay for selected cost center(s) or person(s).

Find a Posted Activity for Complex Criteria

All Postings (FMRP_RFFMEP1AX) lists posted activity for any posting period for complex selection criteria (fund, commitment item, type of activity, and so forth). Users can drill down on any figure to the original document. The resulting list can be sorted, subtotaled, and searched according to complex criteria and can be printed or downloaded. Users can establish and save display layouts and selection variants for later re-use.

Commitment/Actual Totals (FMRP_RFFMTO10X) lists a summary of posted activity for complex selection criteria. This report is similar to the All Postings report, but at a summary level. Users can drill down from the Totals Records report to the All Postings report.

Review Commitments

Commitments and Funds Transfers (FMRP_RFFMEP1OX), executed with selection variant /OUTST.ENCUM [add the fund or funds center criteria], lists outstanding commitments charged on the selected funds. Users should review this list for obsolete commitments and contact the purchasing department of the campus or institute to close them. (Departments must take action to close purchase orders and requisitions, even at the end of a fiscal year. Only the owner of the PO or requisition can have an outstanding commitment closed.)

Designate Alternate Approver in IRIS

Departmental User Request allows an alternate approver(s) to be designated in IRIS for the department's financial and human-resources transactions.

HUMAN RESOURCES/PAYROLL ACTIONS (SECTION 2)

Hire an Employee, Student, or Laborer

Hire or Pay Casual Laborer is used to hire a casual laborer (independent contractor) or pay a casual laborer if he or she has been paid previously. A casual laborer is someone who works for the university for 3 or fewer days. Each time the person is paid, a new I-9 document and new W-4 must be submitted to University Payroll.

Initial Hire/Rehire of Employee is used to hire or rehire a person who was previously an employee. In an initial hire, the person has not been associated with the university. In a rehire, the person has been associated with UT, but is in a "withdrawn" status. This form works in conjunction with the Personal Data Form (see below).

Record a Friend/Pending EE/Guest Traveler Request (ZPHRRECORD000) is used to record a person as a friend, record a pending employee, or enter a person as a guest traveler. A friend has a nonpaying association with the university, including volunteer, guest traveler, clinical, nonclinical, affiliated, and honorary. A pending employee is a person whose employment association with the university will begin at a future date, but who has need of certain university facilities or e-mail before his or her employment date. A guest traveler is a person who will be reimbursed for travel expenses, but will not otherwise be compensated by the university. A person with a special appointment who will be paid via the Additional

Payment form is not entered with this form since he or she will be paid by the university.

Student Assistant Short Form is used to hire student assistants who will hold only one position. The form allows departments to hire several student assistants on a single form. A W-4 form and I-9 documentation for each student hired must accompany this form. This form can only be used for an initial hire, not a rehire.

Change Employee Data, Including Additional Pay and Recurring Pay

Additional Pay (ZPADDPAY000) is used to request or change additional nonrecurring payments, for example, awards, extra-service pay, and evening- and summer-school payments. More than one type of additional pay may be processed in a single request.

Corporate Function Supplemental Form is to be used only by employees in the Agricultural Extension areas. It can be used when the only change is to the corporate function. It can also be used as a supplement to the Personnel Change Form or the Initial Hire/Rehire form when more than three corporate function areas are needed.

Personal Data Form (PDF) is used to record or change an employee's personal information (name, address, residence status, and education). This form must be completed for all new hires.

Personnel Change Form is used to record changes that may occur in a person's status while employed at the university. These changes may be transfers to different positions, adding a position or removing a position, changes in tenure status or, in the case of Agricultural Extension staff, corporate function assignment changes.

Personnel Change Request (ZPPAY000) is used to request pay or funding changes, percent-time changes, or work-schedule changes for employees. It is also used to place an employee on or return from a leave of absence. A pay change is a change in the amount an employee is paid, for example, merit increases, state-mandated increases, leaves of absences, CPS increases, and changes in percent of time. A funding change is a change in the source of funding for the employee's pay, for example, changes in the cost center/WBS element(s) charged for an employee's pay or changes in the amount each cost center or WBS element is charged. A percent-time change is a change of the employee's total percent of effort, for example, changing from 75 percent to 50 percent. A work-schedule change involves modifying the employee's scheduled work days, for example, changing from a Monday through Friday, 8-hours-per-day schedule to a Tuesday

through Saturday, 8-hours-per-day schedule. A leave of absence may be with or without pay. More than one type of change may be requested for an employee.

Recurring Pay (ZPHRECPAY000) is used to request/change recurring payments for employees, for example, teaching overloads for faculty and graduate students, stipends, and nonservice fellowships. More than one type of recurring pay may be processed in a single request, provided each action is for the same period. Also see "Wireless Service," below.

Create or Change a Position

Create/Change Position (ZPPOSITION000) is used to request the creation of a new position or to request some type of change to a position, for example, change title or funding source. This form is also used to request that a position be made obsolete. New student assistant positions do not have to be created unless such positions do not already exist in the department. Except under specified circumstances, all other positions should be occupied by only one employee at a time.

Terminate an Employee or Friend

Termination Request (ZPEMP000) is used to record a termination for an employee (including student assistants) who will no longer be working for the university. This form is also used to end the association of a friend to the university. Whether the employee has retired, taken a job elsewhere, quit without notice, or is deceased, a termination action must be requested. Corrections to a termination, such as modifying the termination date or correcting a quota compensation amount, may be made with this transaction.

Record Time Worked—Employee

Departments should document time worked for salaried and biweekly employees on paper forms and then enter the information in IRIS. The paper time reports below, found on the IRIS website, are suggested forms for recording time for such employees.

Biweekly Employee Time Sheet should be used for recording hours worked and hours absent for employees paid through biweekly payroll. A time sheet should be completed for each position or cost center/WBS element in which the employee works.

Monthly Employee Time Sheet should be used for reporting deviations from the normal work schedule, such as annual leave,

> **NOTE**: For monthly paid nonexempt staff, only hours worked in excess of scheduled hours and nonduty hours, for example, leave and other absences, must be recorded in IRIS. All nonexempt employees, however, should record all hours worked plus nonduty hours on a time sheet or similar document each month.

holidays, and administrative closing. A monthly time sheet should be completed for each position or cost center/WBS element in which the employee works. For employees paid monthly, nonduty hours must be entered for 12-month faculty, executive/administrative/professional (exempt), and hourly no input (nonexempt).

Record or Change Time Worked in IRIS

Payment of Banked Comp Time Form initiates the process to pay an employee for banked accumulated compensatory time while the employee is in active status. This form is used to pay such time when an employee transfers to another UT department. Use the Termination form to request payment of banked compensatory time to be paid at termination (see above).

Quota Correction initiates the process for changes to an employee's time quota balance (banked compensatory time, annual leave, sick leave, sick leave bank, and personal leave).

Record Biweekly Time in IRIS (ZCAT) is used to enter in IRIS hours worked and hours absent for employees paid through biweekly payroll. All hours worked should be recorded.

Record Monthly Time in IRIS (ZCAT) is used to enter in IRIS deviations from the normal work schedule, such as annual leave, holidays, and administrative closing. For 12-month faculty and executive/administrative/professional (exempt), enter nonduty hours, for example, annual leave, sick leave, holidays, and administrative closing. For monthly paid nonexempt staff, only hours worked in excess of scheduled hours and nonduty hours, for example, leave and other absences, should be recorded in IRIS. Do not record regularly scheduled hours.

Reconcile Payroll to Departmental Ledgers

Cost Center/WBS Distribution Report (ZPR_CC_WBS_DIST). See "Financial Management," above.

Detailed Check Register (ZPR_DETAIL_CHECK_REGISTER). See "Financial Management," above.

Transfer Pay between Cost Centers and/or WBS Elements

Salary Transfer Voucher (STV) Request (ZPSTV000) is used for the following purposes:

9/12 adjustment. Used to redistribute the difference between the 1/12th amount paid each month and the 1/9th worked each month between cost centers/WBS elements for 9-month employees.

Terminal leave. Used to redistribute terminal leave payments made to employees. Terminal leave payments are lump-sum payments for remaining annual leave balances made to employees when they leave employment with the university.

Longevity pay. Transfer longevity pay between cost centers and/or WBS elements.

Bonus pay. Used to redistribute bonus payments made to employees.

Comp time paid. Used to redistribute compensatory time payments made to employees.

Cost center scheduled pay. Used to transfer base pay between cost centers.

Obtain Fee Discounts

Fee Discount Form records spouse and dependent children information for fee discount purposes.

Sponsored Programs (Section 3)

Numerous reports are available in IRIS to help department heads and principal investigators (PI) administer and monitor sponsored-program activities. Some especially useful reports are listed below. For more information, visit the Sponsored Project Reporting folder on the IRIS menu.

Review and Monitor Costs and Revenues

Actual Costs and Revenues (CJI3) lists the individual line-item transactions with the document numbers that are posted in the controlling module to the WBS element. This transaction does not include encumbrance transactions since they are posted only to the funds management module.

Department Ledger Report—staff benefits (ZDEPT_LEDGER). See "Financial Management," above.

Department Ledger Report—no staff benefits (ZE_LEDGER). See "Financial Management," above.

Review and Monitor Payroll Data

Cost Center/WBS Distribution Report (ZPR_CC_WBS_DST). See "Financial Management," above.

Payroll Encumbrance Detail Report (ZPR_Payencumb_Detail). See "Financial Management," above.

Analyze and Monitor WBS Element Activity

Restricted Balances Report (ZPS_REST_BAL) is intended to assist department heads and departmental accounting staff in monitoring sponsored projects with deficit balances, sponsored projects with credit balances, and nonsponsored project WBS elements with deficit balances. By entering a WBS element ending date into the selection criteria, departments can obtain lists of projects that have ended but still have a balance. Appropriate entries should be made to bring the balance to zero.

Restricted WBSE Fiscal Year Report (ZFWBS011). See "Financial Management," above.

Restricted WBSE Status Report (ZFWBS012) is intended to assist department heads in evaluating the cumulative grant-to-date activity and financial status, including estimated direct costs left to spend, of all restricted WBS elements in their department or for which faculty members in the department are listed as PI in IRIS.

WBS Element Summary (ZFM_WBS_Summary). See "Financial Management," above.

Review and Monitor WBS Element Master Data

WBS Master Data Overview-Restricted (ZPS_WBS-Restricted) allows users to obtain a list of the details on multiple restricted funds based on more than 80 selection criteria.

Monitor for Overexpenditures

Overspent Sponsored Projects Report (ZFOVER001) displays all of the overspent projects in a given funds center. This report shows

projects with WBS elements that have cumulative expenditures greater than the obligated award amount. The report should be reviewed monthly, or at least quarterly.

Close Projects

Sponsored Project Closeout Report (Z_CLOSEOUT_NOTIF) lists sponsored projects that are ending. Users choose the ending date range desired and specify a WBS element selection based on funds center (department, PI, or WBS element number). Besides this IRIS report, which can be generated at any point, e-mail notices are automatically sent to the PI, departmental bookkeeper, and responsible person approximately 60 days before the end date of the project.

Review and Monitor Funds and Encumbrances

All Postings (FMRP_RFFMEP1AX) lists all individual line-item transactions with the document numbers that are posted in the funds management module to the fund. This report includes both actuals and encumbrances postings.

Overall Budget vs. Actuals–Department (ZFM_BCS002D). See "Financial Management," above.

PURCHASING AND CONTRACTING (SECTION 4)

Request/Justify Noncompetitive Contract or Purchase

Noncompetitive Contract Request must be completed when departments request products or services to be excluded from competitive bidding (that is, emergency purchases, sole-source, or other nonbiddable product). The form must be approved before obtaining the product or service.

Contract for Services from a Vendor or Individual

Standard Contract Form should be used whenever possible where a formal contract is required. Contracts for personal, professional, and consultant services must include the university's standard terms and conditions as listed on the back of the standard form.

Pay for Services from Contracts or Informal Agreements

Request for Special Payment (Form T-27) is used to hire a new casual laborer (independent contractor) or pay a casual laborer if he or she has been paid previously. A casual laborer is someone who works for the university for 3 or fewer days. Each time the person is paid, a new I-9 document and new W-4 must be submitted to University Payroll.

Prove UT's Tax-Exempt Status

Tax Exemption Certificate should be presented to vendors at the time of purchase to show that the university is exempt from paying federal excise tax and state sales tax.

Accounts Payable (Section 5)

Prepay Conference and Seminar Fees

Conference and Seminar Registration Prepayment Form (Form T-30) is used to prepay conference and seminar fees. The completed form must be received in the Treasurer's Office (or business office of the campus or institute) 2 weeks before payment is due with the completed registration form and attached documentation identifying the fee, dates, amenities provided, and so forth.

Pay or Reimburse Moving Expenses

Moving Expenses Form (Form T-5) must be completed and sent to the Treasurer's Office for all moving expenses, whether paid directly to a moving company or reimbursed to an employee. The form will assist the Treasurer's Office in identifying amounts to be included or excluded from federally taxable income.

Pay Contractors

Request for Special Payment (Form T-27). See "Purchasing and Contracting," above.

Travel Expense Report (Non-IRIS, Form T-6) should be used when processing travel expenses for two types of individuals: nonemployees who are being paid under a personal services contract and employees in IRIS who are in a "withdrawn" status (retirees, casual laborers, and those who have left the university but still have an affiliation that requires UT to reimburse their travel). The completed T-6, with attached receipts, should be sent to the applicable business office.

Make Advance Payments

Special Remittance and Order Form (Form T-29) must be used when advance payment is required and an invoice is not available. Departments must complete the form, enter the required information into IRIS, and send a copy of the form to the vendor when the check is issued. Payment will be mailed separately by the Treasurer's Office (or business office of the campus or institute). Documentation to support the items ordered must be attached to the T-29 and maintained on file in the responsible office. This form should not be used to prepay conference and seminar registration fees. (See "Form T-30," above.)

Procurement Cards (Section 6)

Obtain a Procurement Card

Cardholder Agreement must be read and signed by employees before receiving a UT procurement card. By signing the agreement, employees attest they are aware of the university's policies and rules governing usage of the card and agree to abide by them. The agreement must be signed when picking up the card and should not be attached to the application.

Procurement Card Application must be completed by employees to receive a card. The application will be approved by the department head and campus or institute coordinator. After review by the Treasurer's Office, the bank will process the application and issue a card in approximately two weeks.

Procurement Card Questionnaire is based on information in the university's procurement-card policy (FI0530) and must be completed correctly by employees before receiving a card.

Support Expenditures without Acceptable Receipts

Supplemental Receipt Form must be completed when original receipts cannot be obtained for procurement-card expenditures or when receipts do not clearly list the information required by university policy. The available documentation detailing the required information (for example, order form, nonitemized receipt) must be attached to the form and filed with the monthly statements. A Supplemental Receipt Form alone does not constitute an adequate receipt.

Dispute a Transaction

Disputed Transaction Form must be completed and faxed to the bank if the vendor does not resolve a discrepancy on the monthly statement within 30 days. The bank will issue a temporary credit until the dispute is resolved, usually within 60 to 90 days.

Report a Lost or Stolen Card

Lost/Stolen Card Notification Form must be completed and faxed to the program administrator within 2 days of notifying the bank of a lost or stolen procurement card. The bank will block further use of the existing card and issue a new card and account number.

Change the Spending Limit

Spending Limit Change Form must be completed by the department head to request a change in the monthly spending limits of a card and approved by the program administrator.

Petty Cash (Section 7)

Reimburse Petty Cash Purchases

Petty Cash Reimbursement Request (Form T-44) is used to request reimbursement of petty cash expenditures from the Treasurer's Office (or business office of the campus or institute). Itemized receipts should be attached. The petty cash custodian approves and signs the T-44; if the custodian is a nonexempt employee, the department head (or other authorized individual) must approve and sign the request. At the end of each fiscal year, a T-44 must be submitted to the Treasurer's Office for all unreimbursed expenditures as of June 30. Also see "Entertainment," below.

Support Petty Cash Purchases without a Receipt

Petty Cash Expense Form (Form T-4) is used to document petty cash purchases when a receipt is not available. Employees should first attempt to obtain either a vendor's invoice or receipt before submitting only the Form T-4 to support these purchases. Employees should take T-4s when making purchases in case invoices or receipts are unavailable.

Travel (Section 8)

Prepay Conference and Seminar Fees

Conference and Seminar Registration Prepayment Form (Form T-30). See "Accounts Payable," above.

Obtain Approval for Out-of-State and International Travel

Travel Request (IRIS) is required for out-of-state and international travel and must be approved by the appropriate individuals. If the department head is the traveler, his or her supervisor must approve the travel. Although a Travel Request is not required for in-state travel, some campuses and institutes have the option of requiring its completion for all travel. A Travel Request is required for direct-billed airfare, unless no other expenses are being submitted for that trip.

Reimburse Travel Expenses

Travel Expense Report (IRIS) must be processed in IRIS for all employees and guests of the university for reimbursement of travel-related expenses. The form must be printed and signed by the traveler. All required receipts must be attached to the printed expense report and routed to the appropriate business office. The approved electronic form will be electronically routed to the appropriate business office.

Travel Expense Report (Non-IRIS, Form T-6). See "Accounts Payable," above.

Travel Package Itemization Form (Form T-40) is used to reimburse employees when an itemized receipt cannot be obtained for the purchase of a travel package. (The preferred receipt is an itemized receipt or statement from the vendor.) The T-40 and a copy of the online receipt must be completed and attached to the request for reimbursement.

Entertainment (Section 9)

Reimburse Entertainment Expenses

Petty Cash Reimbursement Request (Form T-44) is used—besides reimbursing petty cash expenditures—to reimburse employees for entertainment expenses. Employees who incur entertainment expenses at their official work location (not in travel status) can

be reimbursed from the business office of the campus or institute petty cash funds or through the normal disbursement procedures. Reimbursement requests must be supported by an official itemized receipt or statement issued by the vendor (restaurant, caterer, ticket office, and so forth). Also see "Petty Cash," above.

Travel Expense Report is used to reimburse employees who incur entertainment expenses while in travel status. The expense report is processed in accordance with normal travel reimbursement procedures. Expenses claimed must be supported by an official itemized receipt or statement issued by the vendor (restaurant, caterer, ticket office, and so forth). See also "Travel," above.

Wireless Service (Section 10)

Request UT Wireless Service or Monthly Allowance for Personal Plan

Request and Justification for Wireless Service must be completed by employees who need wireless service to fulfill the requirements of their job. Besides the exception request (see below) the form is also used to request a monthly allowance ($30 or $50 per month, depending on usage requirements) when UT's wireless service is not sufficient and a personal plan is used.

Process or End Monthly Allowance

Recurring Pay Request (ZPRECPAY000) must be processed in IRIS to initiate, change, or terminate the monthly allowance received by employees who use a personal wireless plan. See also "Human Resources/Payroll," above.

Request an Upgrade

Exception Request for Wireless Service and Equipment must be completed by employees when requesting an upgrade in UT-provided wireless equipment. Departments may not pay to upgrade such equipment. The form is also used to request a monthly allowance ($30 or $50 per month, depending on usage requirements) when UT's wireless service is not sufficient and a personal plan is used.

EQUIPMENT (SECTION 11)

Record or Add Equipment

Equipment Acquisition Report (Form T-66) is used to record equipment items the department has received at no cost, that is, donated, by assembly, or furnished by the government. The form should be used to add items to the department's inventory that were mistakenly excluded, but located during the annual inventory verification. The department (or business office of the campus or institute) should prepare the form and send it with supporting documentation (for example, the shipping document) to the Equipment Records section of the Controller's Office.

Remove Equipment (not Surplus)

Equipment Inventory Change/Deletion Request (Form T-64) is used to remove equipment from the university's official inventory records in all instances except surplusing an item. Whenever equipment is disposed of, transferred, or removed from departmental custody or control, the department should send this form to the Equipment Records section of the Controller's Office (or business office of the campus or institute). Also see "Surplus Form," below.

Surplus Equipment

Surplus Form is used to declare items surplus and to transfer possession to the campus or institute surplus property department (or designee). All items surplused (tagged and untagged) should be listed on the form when possession is transferred to the surplus property department (or designee). The T-64 should not be used for surplusing items (see "Form T-64," above).

Report Missing or Stolen Equipment

Summary of Theft, Mysterious Disappearance, Burglary, or Vandalism of University Funds and Property (Form T-65) is used to report all disappearances of equipment and is completed by campus police. The department should report a loss of equipment to the campus police department (or business office if the campus has no police department). Campus police will send the T-65 to Audit and Consulting Services to summarize losses by campus each month.

Verify Inventory

Equipment Inventory Verification Report lists the department's tagged and untagged equipment and is used by departments in the annual verification of movable equipment inventory. The department may generate this list for each cost center.

RECEIVING AND DEPOSITING MONEY (SECTION 12)

Prepare Deposits (not IRIS)

Report of Departmental Collections (Form T-33) must be prepared by departments that are unable to enter deposit information in IRIS. A T-33 is prepared for each deposit and forwarded to the appropriate campus or institute office for processing and posting to official university records.

SHORTAGES, PROPERTY LOSSES, AND FRAUD (SECTION 13)

Report Missing or Stolen Equipment

Summary of Theft, Mysterious Disappearance, Burglary, or Vandalism of University Funds and Property (Form T-65). See "Equipment," above.

ACCOUNTS RECEIVABLE (SECTION 14)

Request Write-Off of Uncollectible Accounts

Accounts Receivable Write-Off Request (Form T-35) is completed by departments requesting the write-off of uncollectible accounts. The form, with an itemized list of accounts to be written off and a justification for write-off, is sent to the business office of the campus or institute. All write-offs should be supported by documentation of collection activity in the department.

UT KNOXVILLE

FUNCTION OR ISSUE	CONTACT	OFFICE	PHONE (865)
Accounting	Accounting Manager	Controller's Office	974-2493
Accounts Receivable	Bursar	Bursar's Office	974-4495
Budgeting	Director	Budget & Finance	974-4204
Central Cashier	Bursar	Bursar's Office	974-4495
Conflict of Interests	Executive Director	Human Resources	974-5151
Contracting	Contract Coordinator	Director of Finance	974-2247
Equipment/Inventory	Manager	Controller's Office	974-2493
Human Resources Actions	Executive Director	Human Resources	974-5151
Information Technology	Chief Information Officer	Office of Information Technology	974-2322
Losses/Shortages	Chief of Police	Police Dept.	974-6631
	Executive Director	Internal Audit	974-6611
Petty Cash	Director	Treasurer's Office	974-2580
Procurement Cards	Director	Treasurer's Office	974-2580
Purchasing	Executive Director	Business Services	974-3311
Records Management	Manager	Records Management	974-6328
Sponsored Projects Accounting	Grant/Contract Manager	Controller's Office	974-2493
Sponsored Projects Administration	Associate Vice Chancellor for Research	Research	974-2474
Time Reporting/Payrolls	Director	University Payroll	974-5251
Travel and Entertainment	Director	Treasurer's Office	974-2580

UT CHATTANOOGA

FUNCTION OR ISSUE	CONTACT	OFFICE	PHONE (423)
Accounting	Assistant Vice Chancellor	Disbursements	425-4536
Accounts Receivable	Bursar	Bursar's Office	425-4781
Budgeting	Budget Director	Business & Financial Affairs	425-4467
Central Cashier	Bursar	Bursar's Office	425-4781
Conflict of Interests	Director	Human Resources	425-4221
Contracting	Accounting Specialist	Business & Financial Affairs	425-4467
Equipment/Inventory	Manager	Business Services	425-4461
Human Resources Actions	Director	Human Resources	425-4221
Information Technology	Assistant Vice Chancellor	Information Technology Division	425-4461
Losses/Shortages	Director	Audit & Consulting Services	425-4715
Petty Cash	Assistant Vice Chancellor	Disbursements	425-4536
Procurement Cards	Manager	Business Services	425-4461
Purchasing	Manager	Business Services	425-4461
Records Management	Registrar	Records & Registration	425-4416
Sponsored Projects Accounting	Accountant	Business & Financial Affairs	425-4467
Sponsored Projects Administration	Director	Grants & Program Review	425-4431
Time Reporting/Payrolls	Director	Payroll	425-4014
Travel and Entertainment	Assistant Vice Chancellor	Disbursements	425-4536

UT MARTIN

FUNCTION OR ISSUE	CONTACT	OFFICE	PHONE (731)
Accounting	Director	Business Affairs	881-7810
Accounts Receivable	Bursar	Business Affairs	881-7823
Budgeting	Director	Budget & Management Reporting	881-7800
Central Cashier	Bursar	Business Affairs	881-7823
Conflict of Interests	Vice Chancellor	Finance & Administration	881-7800
Contracting	Director	Purchasing	881-7875
Equipment/Inventory	Director	Purchasing	881-7875
Human Resources Actions	Director	Human Resources	881-7845
Information Technology	Director/Chief Information Officer	Information Technology Services	881-7890
Losses/Shortages	Executive Director	Internal Audit (Knoxville)	865-974-6611
Petty Cash	Director	Business Affairs	881-7810
Procurement Cards	Director	Business Affairs	881-7810
Purchasing	Director	Purchasing	881-7875
Records Management	Director & Registrar	Academic Records & Registrar	881-7050
Sponsored Projects Accounting	Director	Business Affairs	881-7810
Sponsored Projects Administration	Director	Research, Grants & Contracts	881-7015
Time Reporting/Payrolls	Director	Human Resources	881-7845
Travel and Entertainment	Director	Business Affairs	881-7810

UT SPACE INSTITUTE

FUNCTION OR ISSUE	CONTACT	OFFICE	PHONE (931)
Accounting	Business Manager	Business Office	393-7297
Accounts Receivable	Business Manager	Business Office	393-7297
Budgeting	Assistant Vice President for Administration & Finance	Business Office	393-7205
Central Cashier	Business Manager	Business Office	393-7297
Conflict of Interests	Assistant Vice President & Dean	Research & Development	393-7286
Contracting	Assistant Vice President	Research & Development	393-7286
Equipment/Inventory	Director	Physical Plant	393-7313
Human Resources Actions	Director	Human Resources & Services	393-7226
Information Technology	Chief Information Officer	Research & Development	393-7286
Losses/Shortages	Business Manager	Business Office	393-7297
Petty Cash	Business Manager	Business Office	393-7297
Procurement Cards	Business Manager	Business Office	393-7297
Purchasing	Manager	Purchasing	393-7205
Records Management	Assistant Vice President for Administration & Finance	Business Office	393-7205
Sponsored Projects Accounting	Business Manager	Business Office	393-7297
Sponsored Projects Administration	Director	Office of Research	393-7212
Time Reporting/Payrolls	Director	Human Resources & Services	393-7226
Travel and Entertainment	Business Manager	Business Office	393-7297

UT HEALTH SCIENCE CENTER

FUNCTION OR ISSUE	CONTACT	OFFICE	PHONE (901)
Accounting	Manager	Accounts Payable	448-5574
Accounts Receivable	Responsible Offices		
Budgeting	Director	Budget & Finance	448-8030
Central Cashier	Cashier	Cashier's Office	448-5550
Conflict of Interests	Vice Chancellor	Finance & Operations	448-5523
Contracting	Manager	Contracts	448-5571
Equipment/Inventory	Accounting Assistant	Finance & Operations	448-4882
Human Resources Actions	Director	Human Resources	448-5600
Information Technology	Chief Information Officer	Information Technology Services	448-5848
Losses/Shortages	Audit Manager	Internal Audit	448-1435
Petty Cash	Cashier	Cashier's Office	448-5550
Procurement Cards	Manager	Payroll & Insurance	448-5574
Purchasing	Director	Purchasing	448-7269
Records Management	Senior Administrative Services Assistant	Records Management	448-8470
Sponsored Projects Accounting	Director	Grants & Contracts	448-5571
Sponsored Projects Administration	Director	Research	448-4823
Time Reporting/Payrolls	Manager	Payroll & Insurance	448-5574
Travel and Entertainment	Accounting Assistant	Finance & Operations	448-4885

OTHER OFFICES

	CONTACT	OFFICE	PHONE (865)
College of Veterinary Medicine	Budget Director	Veterinary Medicine Administration	974-0988
Agricultural Experiment Station	Budget Director	Experiment Station Administration	974-2437
UT Extension	Assistant Director	Extension Administration	974-7108
Institute for Public Service	Director	Business Services	974-0968
UT System Business Office	Director	Administration & Finance	974-2243

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