

OFFICIAL DOCUMENTATION REQUIRED IN SUPPORT
OF UNIVERSITY FINANCIAL TRANSACTIONS

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OF UNIVERSITY FINANCIAL TRANSACTIONS

"Knowledge is of two kinds: we
know a subject ourselves, or
we know where we can find
information upon it."

--Samuel Johnson

I. INTRODUCTION

This chapter specifies the records and reports, which as a minimum, must be prepared and retained to substantiate payroll, service, supply, equipment, and other costs charged to University expenditure accounts. These substantiating documents--in hard copies, or archival media, such as laser disks, microfilm, of the same unless specified otherwise--
* must be retained for review by internal, external, and governmental auditors for the periods specified in the Records Disposition Schedules Manual of the University.

The requirements and procedures presented in this chapter are not applicable to the Lawrence Berkeley Laboratory, the Lawrence Livermore National Laboratory, and the Los Alamos National Laboratory.

Note: Statements in this chapter making references to the Chancellor--e.g., "by approval of the Chancellor"--refer also to the Chancellor's designee if and when the Chancellor has so delegated a specified function.

II. REQUIRED DOCUMENTATION

The following properly approved documents and certifications evolve from the procedures used to charge payroll, supply, equipment, and other costs or expenditures chargeable against University budgets; they constitute the official documentation of those costs.

A. SALARY AND WAGE COSTS--INCLUDING EMPLOYEE BENEFITS

1) The original of the following documents, affecting individual gross wages and payroll distribution and disbursement reports, must be retained in the Accounting Office:

- * a) Personnel action forms in paper or electronic media reflecting approved employment status or separation from University service.
- * b) Payroll time reporting documents in paper or electronic media from which gross pay is determined.
- * c) Enrollment, change, and cancellation forms in paper or electronic media concerning University-sponsored benefit programs, including but not limited to health insurance, life insurance, dental insurance, and vision care.
- * d) Paid check or archival copy of the same and/or corresponding bank generated Input Detail List.

2) Records supporting the information certified to on the above documents that must be maintained by campus departments:

- ** a) As of 1996, all campuses must use the automated leave accrual process. For employees eligible to accrue sick, vacation, or other leave types, only documentation showing leave utilization from each full accounting unit from which an employee receives pay must be maintained.
- b) For employees eligible to accrue certain leaves: records separately identifying sick, vacation, and other types of leave accruals and utilizations, and showing the balance on each fund from which the employee is paid. For those campuses with automated leave accrual systems, only documentation showing leave utilization must be maintained.

II. REQUIRED DOCUMENTATION (Cont.)

A. SALARY AND WAGE COSTS--INCLUDING EMPLOYEE BENEFITS
(Cont.)

- c) For absences with full salary or absences without salary: an approved copy of the document authorizing such leave.
- d) For employees whose time or effort is charged in whole or in part to U.S. government funds: the Personnel Activity Report (PAR), certified in accordance with campus instructions. This includes grants from and contracts with the Federal government and subcontracts from other entities that include Federal reporting requirements.
- e) For academic employees who perform services as faculty consultants: a copy of the request (to the Chancellor) for the services of a consultant which explains the need for a consultant.
- f) For staff employees where appropriate--

* (1) Time worked (or absences) and the full accounting unit(s) to which the time is chargeable.

* (2) All overtime worked, shown by full accounting unit. Hours of compensatory time off or hours paid in lieu of compensatory time must also be shown by full accounting unit. Overtime charged to U.S. Government contracts and grants must conform with applicable agency policies.

Note: Employee benefit costs are internally generated by the computer process from input documents listed in paragraph A.1.), above. The original recording of those costs appears in the Distribution of Payroll Expense report. Therefore,
* that document in paper or electronic form must be retained in the Accounting Office.

B. NON-PAYROLL DISBURSEMENTS

Documents and certifications must be retained in the Accounting Office according to the nature of the transaction, except that confidential documents or agreements bearing other information extraneous to the disbursement process may be retained, by approval of the Chancellor, in other appropriate offices. Specifically, unless stated otherwise, the following documentations and certifications must be retained in the Accounting Office:

- 1) Consultant agreement (see also Business and Finance Bulletin [BUS-34](#), Securing the Services of Independent Consultants)--
 - a) A copy of the fully executed consulting agreement.
 - b) Consultant's invoice, unless not required (see also VII.A., [BFB BUS-34](#)).
 - c) Certification of receipt of services (see also VII.E., [BFB BUS-34](#)).
 - * d) Paid check or other archival media copy of the same.
- 2) Purchase of goods and services by specific purchase order (or other contract)--
 - a) A copy of the purchase order¹
 - b) The invoice.

¹ The Purchasing Office or Materiel Management Department is the office of record for the original of the purchase order.

II. REQUIRED DOCUMENTATION (Cont.)

B. NON-PAYROLL DISBURSEMENTS (Cont.)

- c) Evidence of receipt of goods or services either in the form of a departmental approval or receipt certification upon the invoice or in the form of a receiving report. (This evidence may be retained in the department provided the "Special Method" of paying invoices, i.e., without prior departmental approval, as described in Accounting Manual chapter [D-371-36](#), Disbursements: Invoice Processing, has been adopted.)
- * d) Paid check or other archival media copy of the same.
- 3) Purchase of goods and services by specific vendor blanket or University-wide supply agreement--
 - a) A copy of the specific vendor blanket or supply agreement. (Originals of supply agreements are ordinarily retained by the Purchasing Office, the office of record for supply agreements.)
 - b) The invoice.
 - c) Evidence of receipt of goods or services either in the form of a departmental receipt certification upon the invoice or in the form of a receiving report. (This evidence may be retained in the department provided the "Special Method" of paying invoices, i.e., without prior department approval, as described in Accounting Manual chapter [D-371-36](#), Disbursements: Invoice Processing, has been adopted.) Since these purchase agreements specify no quantities, the receipt certification is taken as indication that the quantity received and accepted is the quantity ordered or desired by the user department.
 - * d) Paid check or other archival media copy of the same.

- 4) Low value purchases (see also Business and Finance Bulletin [BUS-43](#), Materiel Management)--

a) The invoice with receipt certification. (The invoice may be retained in the department provided the "Special Method" of paying invoices, i.e., without prior departmental approval, has been adopted. See also Accounting Manual chapter [D-371-36](#).)

* b) Paid check or other archival media copy of the same.

- 5) Direct charges--

Certain goods and services may be obtained independently of the materiel management function. Expenditures incurred for goods and services obtained in this manner are usually referred to as direct charges and include--but are not limited to--such items as travel, utilities, physician professional fee payments, and honoraria. An extensive listing of items authorized to be handled independently of the materiel management function is contained in the Accounting Manual chapter [D-371-16](#), Disbursements: Approvals Required. (Direct charge items are identified in the list by the notation "No" in the Purchase Order Required column.) Unless otherwise due to an extenuating circumstance, an item not on this list should be obtained through the materiel management function [see paragraphs 2), 3), and 4), above], or with the approval or immediate knowledge of the Materiel Manager.

Guidelines for the required substantiating documentation for any direct charges are as follows:

- a) For a payment made on a Form U5 (Check Request) or campus equivalent--

The supporting document may be in the form of an invoice or an acceptable explanation on Form U5 itself made in accordance with existing instructions contained in:²

² See also section IV., References, below.

II. REQUIRED DOCUMENTATION (Cont.)
B. NON-PAYROLL DISBURSEMENTS (Cont.)

- (1) the University Accounting Manual, or
- (2) the Business and Finance Bulletins, or
- (3) other reference source authority (such as the campus policy or procedure manual or handbook when consistent with the guidelines of the Office of the President,) or
- (4) a memorandum from an appropriate authority, or
- (5) a letter of award or notification, etc., or
- (6) an approved payment schedule or progress report, or
- (7) an authorization made under the professional judgment of the Accounting Officer.

In any event, the substantiating documentation should be sufficient to safeguard against improper or inappropriate expenditure of University-controlled funds.

- b) For a payment made on a Form U85 (Travel Expense Voucher)--

The supporting documentation should conform to the specific requirements of Business and Finance [Bulletin G-28](#), Policy and Regulations Governing Travel.

Note: In addition to the Office of Record copy of Form U5 or Form U85, which in all instances should bear the required authorization or signature, the paid check or archival copy of the same should be kept under the custody of the Accounting Office.

6) Student Financial Disbursements--

a) Financial Aid checkwrite list or related document with supporting documentation.

* b) Paid check or other archival media copy of the same.

C. SERVICE DEPARTMENT AND OTHER RECHARGES

Service department and other recharges are lodged against University budgets by a wide variety of service units; storehouses, garages, plant service departments, central duplicating units, and vivaria are a few examples.

Since these types of units are departments within the University, no cash disbursement takes place; recharges are interdepartmental transfers which credit the service unit and charge the customer unit.

Substantiating documents for these transactions include a copy of the General Ledger journal entry and, if not provided on the journal, supplementary documentation containing detailed information on the goods or services provided equivalent to that detail customarily provided on a vendor's invoice. Examples of this detail include:

1) For storehouses: list of items obtained with quantities and prices.

2) For garages: list of individual car rental transactions showing dates and charge computation.

3) For plant service departments: list of jobs performed showing dates and charge computation.

If this detail is not attached to the journal (or otherwise retained in the Accounting Office), it must be retained in the service department.

II. REQUIRED DOCUMENTATION (Cont.)

C. SERVICE DEPARTMENT AND OTHER RECHARGES (cont.)

Recharge transactions are governed by the general guidelines contained in Business and Finance [Bulletin A-47](#), University Direct Costing Procedures.

D. TRANSFERS OF EXPENSE

Transfers of expense between University budgets occur when goods or services originally paid for by one University budget are subsequently transferred to another budget.

These transfers are appropriate only in the situations specified in Business and Finance [Bulletin A-47](#), as follows:

- 1) To correct an erroneous recording, or
- 2) To record a change in the decision made originally as to the use of goods or services, or
- 3) To redistribute certain high volume but low cost charges such as those for duplicating and telephone.

* Transfers of expense are journal transactions that credit the full accounting unit which originally was charged for the goods or services and debit the full accounting unit to which the expense was transferred.

Substantiation for these transactions includes the Financial Journal, the non-payroll expenditure adjustment request form, or the payroll expenditure transfer form including appropriate supporting documentation, such as time sheets and PAR, which provides detail on the individual items of expense being transferred and the reason for the transfer (as specified in Business and Finance [Bulletin A-47](#)).

When transfers of expense are used to redistribute minor charges, the departments involved must maintain and retain for audit internal records/logs with detailed information to support the transfers. For example, records/logs for transfers of duplicating or telephone expense must show the date, full accounting unit, and name of user for each duplicating run or long distance telephone call.

*

E. CASH RECEIPTS

*

Cash, including cash, checks, and other legal tender, is received by the University in various campus and Office of the President cashiering stations and in the Treasurer's Office. These offices are responsible for depositing in University bank accounts the cash received and for reporting receipts and deposits to accounting offices so that appropriate accounting entries may be made. (See also Accounting Manual chapter [C-173-14](#), Cash: Campus Cash Collection Deposits, and Business and Finance [Bulletin BUS-49](#), Cashiering Responsibilities and Guidelines.)

Substantiating documents for these transactions include:

- 1) Treasurer's Daily Report (Treasurer's Office only).
- 2) Cash register journal tapes.
- 3) Cash receipt forms.
- 4) Cash collections report (including account distribution).
- 5) University's Bank Deposit Receipt.

F. ACCOUNTS RECEIVABLE

Accounts receivable are recorded in the University's accounts through a variety of billing operations, such as those for hospitals, residence halls, registration, student loans, Federal contracts, State appropriations and agreements, sundry debtors, and vendor credit memos.

II. REQUIRED DOCUMENTATION (Cont.)

F. ACCOUNTS RECEIVABLE (Cont.)

Substantiating documents for these transactions include:

- 1) Financial Journal (U FIN 288).
- 2) Financial Journal created by a computerized sub-system.
- 3) Sundry debtor bill; sundry debtor bill cancellation.
- 4) Copies of bills or listing showing the detail for which payment is due.
- 5) Promissory notes.
- 6) Vendor credit memos.

G. MISCELLANEOUS ACCOUNTING TRANSACTIONS

The documentation for financial accounting transactions not otherwise covered in this chapter is made on the Financial Journal (U FIN 288).

H. BUDGETARY TRANSACTIONS

The following forms are used to record budgetary transactions and serve as the official documentation for those transactions:

- 1) Permanent budget adjustment journal (A and I entries).
- 2) Transfer of Funds (U FIN 1520).
- 3) Budget Adjustment Journal (U FIN 1521).

I. ENCUMBRANCE TRANSACTIONS

The following forms are used to record encumbrance (lien) transactions and serve as the official documentation for those transactions:

- 1) Purchase order copy or a copy of the contract on the given transaction.

2) Lien voucher.

J. COST PARTICIPATION ON SPONSORED PROJECTS

Chapter 5 of the Contract and Grant Manual requires that accounting officers retain for Federal audit or examination copies of the Cost Sharing Contribution Report prescribed by that Manual to substantiate University participation in the costs of Federally sponsored research projects having a cost sharing requirement on a project-by-project basis. The Manual also directs that Principal Investigators should be prepared to provide Federal auditors with such supplementary information and records as might be practicable to explain the costs certified as having been contributed.

Accounting officers should also retain for audit copies of any documentation used to substantiate cost sharing or "matching" contributions in other types of sponsored projects having a requirement for University cost participation (e.g., Federal educational services agreements and non-Federal projects).

III. RESPONSIBILITIES

Accounting officers, heads of departments, and other appropriate campus or Office of the President administrative officers are responsible for retaining the substantiating documents cited in this chapter for use by internal, external, and governmental auditors for the periods of retention specified in the University Records Disposition Schedules Manual.

Further, in certain disbursements where the invoice or related documentation may not be available or in use by reason of propriety, custom, or practice--as in paying awards or honoraria--accounting officers should exercise professional judgment in determining the type of documentation necessary to assure that the expenditure to be paid is proper and appropriate.

IV. REFERENCES

Academic Personnel Manual:

Section 380, Faculty Consultant

IV. REFERENCES (Cont.)

Section 664, Additional Compensation/Services as
Faculty Consultant, and Sections 700 through
759, Leaves of Absence

Staff Personnel Manual, Staff Personnel Policy 605,
Staff Personnel Records

Accounting Manual chapters:

[C-173-14](#), Cash: Campus Cash Collection Deposits

[C-173-15](#), Cash: Check Stock

[D-371-11](#), Disbursements: Advance Payments

[D-371-16](#), Disbursements: Approvals Required

[D-371-35](#), Disbursements: Honorarium Payments

[D-371-36](#), Disbursements: Invoice Processing

[P-196-13](#), Payroll: Attendance, Time Reporting, and
Leave Accrual Records

[T-182-27](#), Taxes: Federal Taxation of Aliens

Business and Finance Bulletins:

[A-47](#), University Direct Costing Procedures

[BUS-34](#), Securing the Services of Independent
Consultants

[BUS-43](#), Materiel Management

[BUS-49](#), Cashiering Responsibilities and Guidelines

[G-28](#), Policy and Regulations Governing Travel

[IA-101](#), Internal Control Standards: Departmental
Payrolls

[RMP-5](#), Records Retention Program for Financial
Documents Pertaining to Federal Awards to
the University

Contract and Grant Manual: Chapter 5, Financial-Cost
Sharing

Records Management Committee: Records Disposition
Schedules Manual

Historical note: Most of the materials in this chapter were
formerly contained in Business and Finance Bulletin A-53--the
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