Quick Guide to 2015 Fiscal Year Utility Requisitions and Purchase Orders plus Payment Processing

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Overview:

Purchase Orders for utilities are best opened with one utility account per purchase order. Exceptions to this design need the review and approval of Procurement Services and Accounts Payable 1, 2.

The labor needed to create requisitions and purchase orders with one account per purchase order has these benefits:

1. Reconciliation of payment activity is greatly improved over the multiple accounts per purchase order model.
2. The account and address populated in REQ description line and PO description line makes searching for the purchase order easy.
3. Utility companies will often add the PO# to the billing address which allows prompt payment processing when the current PO is open and funded.
4. The remittance slip, check and billing address mailing to the utility vendor is enhanced as well as the application of payment by the utility vendor when the PO# is unique per service address.

Department responsibility:

<table>
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<tr>
<th>Action:</th>
<th>Notes:</th>
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| 1. Initiate or copy one requisition for each utility account | Confirm the copied requisition has the current vendor name before submitting. 
**NOTE:** KFS populates the requisition vendor name even if the vendor record has been updated. 
**NOTE:** the most recent PO and payments for this account is a good guide for the current utility vendor name. |
| 2. Populate the utility account number and service address in the requisition description field. | The utility account number and service address will then populate the description field on the purchase order. This field is searchable in KFS using a REQ search and using a PO search. |
3. Item detail includes
   3a. No quantity
   3b. Item description with account number, service address,
   3c. Funding for the entire year

   Funding dollars only and no quantity is best for encumbrance and reducing encumbrance on utility purchase orders.

   See example Requisition # 1412810 below.

4. Close the FY14 PO when new bills are to be paid on the FY15 PO.

   PO note should state the reason for close and the FY15 PO#. “Closed for fiscal year see FY15 PO # xxxxxxx”.

5. Contact the utility billing department to request the utility company to include the new PO number for this account in the billing address.

   Departments with multiple account numbers and service addresses for a single utility company can send a spreadsheet of all accounts if the utility provider agrees.

**EXAMPLE:**
Requisition #: 1412810
* Description: Acct # 2330-3754-01-6, 920 Atwater Ave E
  Duke Energy

   Requisition line description is similarly stated:
   Item 1: No quantity.
   Description: Acct # 2330-3754-01-6 920 Atwater Ave E For the period of 06/01/13 through 06/30/14.
   Replaces PO # 1124177

   Fund for the anticipated billing total for the entire fiscal year billing.

**Purchasing responsibility:**

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<tr>
<th>Action:</th>
<th>Notes:</th>
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<tbody>
<tr>
<td>1. Confirm utility vendor name is current</td>
<td>Copied requisitions carry the vendor name from the requisition. The vendor record may have been corrected in the past year – in which case the correct vendor name is needed on the purchase order. The utility provider may have changed during the past year – in which case the correct vendor name is needed on the purchase order.</td>
</tr>
<tr>
<td>2. Work with the department to close prior POs and reference current POs when new billing is expected to be paid on the new PO. “Closed for fiscal year see FY15 PO # xxxxxxx”.</td>
<td>Payment can be delayed when both the FY14 and the FY15 purchase orders are open. Reconciliation is easiest when one service account is on one purchase order and when the prior purchase order is closed timely with reference to the new fiscal year purchase order.</td>
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### Accounts Payable responsibility:

<table>
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<tr>
<th>Action</th>
<th>Notes</th>
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<tbody>
<tr>
<td>1. Process bill payment timely and accurately</td>
<td>Prompt payment is facilitated when the provider bills with current PO# in the billing address. Accounts Payable will follow the direction provided via POs closed with reference to the new PO.</td>
</tr>
<tr>
<td>2. Compile PO# and account number reference documentation.</td>
<td>Most utility providers can and will populate the current PO# in the billing address when the department requests. The provider understands the PO# will help payment processing. Accounts Payable will compile FY2015 PO information for processing service addresses that are not billed with a PO# in the bill to address.</td>
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</table>

### Accounts Payable standard operating procedure for utility bill processing:

<table>
<thead>
<tr>
<th>Procedure</th>
<th>Notes</th>
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<tbody>
<tr>
<td>1. Pay current billed amount</td>
<td>Payment and bills can cross in the mail. Balance amounts are not processed per procedure.</td>
</tr>
</tbody>
</table>
| 2. Process with invoice number as follows:  
  2a. Invoice number if provided,  
  2b. mmddyy plus beginning meter reading,  
  2c. mmddyy plus last 4 digits of account number | Note:  
  2a. Preferred. For providers repeating invoice numbers from year to year will add /yy to the end of the invoice number (which yy = the year of the bill).  
  2b. mmddyy is the billing date if provided. Mmddyy is the service begin date if there is not a billing date. The digits are consecutive. For example, an invoice number = 0504141214 is used for a bill date of May 4, 2014 with beginning meter reading 1214  
  2c. mmddyy is the billing date if provided. Mmddyy is the service begin date if there is not a billing date. |
| 3. Mail the check with a copy of the page of the bill that serves as a remittance slip. | Experience is payment application is most accurate when a remittance slip (copy of bill) is mailed with the check. |
| 4. Research unpaid balances. | Accounts Payable researches previous unpaid balances to confirm no bills have been missed |
| 5. Late fees are paid as billed. | Department fiscal staff is contacted proactively when the late fee processed is greater than $50 after processing payment. (Department fiscal review should always include opening the bill from KFS to before approving payment.) |
6. Sales tax is paid (to be refunded later).  

Department fiscal staff is contacted proactively when the sales tax is charged where Indiana University is sales tax exempt after processing payment.

Utility vendors will charge late fees on unpaid sales tax. Utility vendors have advised Indiana University that paying the sales tax and providing sales tax exemption certification is preferred process to avoid late fee assessment.

Departments will provide sales tax exemption documentation to the utility company and request adjustment of sales tax paid that should have been exempt.

(Department fiscal review should always include opening the bill from KFS to before approving payment.)

7. Research credit amounts on billing.

Credit amounts are frequently a result of misapplied payment. Credit amounts are researched.  
The procedure for one utility account and one service address per purchase order benefits department and accounts payable review of payments and payment application research.

Credits may result in paying an adjusted amount. Credits may result in the utility vendor reapplying payment due to misapplication.  

Bills with a negative due amount (a credit amount due) are added to the PO notes for future research and resolution activity.

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1 IUB Physical Plant has arrangements to receive one bill and then rebill departments. IUB Physical Plant has primary research and reconciliation of payment responsibilities for utilities under this arrangement.

2 IUPUI Campus Facility Services has arrangements to receive one bill and then rebill departments. IUPUI Campus Facility Services has primary research and reconciliation of payment responsibilities for utilities under this arrangement.
## REVISION HISTORY

<table>
<thead>
<tr>
<th>Date</th>
<th>Authors</th>
<th>Description</th>
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<tbody>
<tr>
<td>5/04-16/2014</td>
<td>C Sinex, R Halter, S Roach, P Cole, J Fox, K McCallister</td>
<td>Create, finalize and publish document</td>
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</tbody>
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