

Subject: Timely Posting of Transactions	Author: Jason Tomlinson/Susan Wilhelm
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Approved By: Controller's Office	Page 1 of 2

- I. **Background:** Inherent within a system of internal financial controls is the requirement for timely reporting. Transactions incurred within an accounting period should be recorded to the organization's official accounting records within the period revenues are earned, expenditures are incurred, assets are acquired and liabilities are realized.

Of particular concern at U of L are intra-organizational transactions, so called recharges generated through electronic feeds, or invoices exchanged between departments and external parties. As the number of service centers and other internal departments allowed to invoice units within the University increase, so does the complexity of accounting procedures affecting the University. A problem exists when internal units do not invoice or process transactions timely and accurately within the accounting period associated with original delivery of the goods or services provided.

Invoices not submitted in a timely manner pose a particular problem for those departments administering federal grants. The Research Handbook guidelines prohibit the payment of invoices submitted more than ninety (90) days after services have been rendered. In addition, generally accepted accounting principles and industry audit guidelines require universities to report the flow of economic resources actually incurred during the reporting period. This includes all revenues earned and all costs of providing goods and services incurred during the reporting period.

- II. **Policy:** Departments will have sixty (60) days from the date of services or receipt of goods (for charges incurred through service centers or internal departments) or date of invoice posting (for external vendors) to review charges posted to the University financial records. Any internal charge made to a department's speed type after ninety (90) days of receipt of goods or services will be rejected. For internal charges billed after the ninety-day period, the invoicing unit will be required to absorb the cost. Departments, project directors, faculty and staff who authorize vendors or others to provide goods or services to the University are expected to obtain, review and approve invoices for payment in a timely manner. **KRS Statute 45.453 Time Period for Payment** stipulates the payment of invoices within thirty (30) working days of receiving goods and services or receipt of the invoice.

Departments not reporting a discrepancy within the sixty (60) day review window will be responsible for the charge. Should the charge be incurred by a grant past the ninety (90) day window allowed for expense transfers, then that department will be required to absorb the charge utilizing an alternate source of funds. Exceptions to this policy will be determined by the Controller's Office on a case-by-case basis.

University of Louisville
Timely Posting of Transactions

I. Procedures:

1. Departments will review all charges on a monthly basis in accordance with the Reconciliation Policy.
2. Departments should contact the following individuals within the Controller's Office to reverse any charge not posted within ninety (90) days of receipt of goods and services from an internal department:
 - a. General Accounting/Endowments and Gifts – Controller's Office
 - b. Grants and Contracts – Sponsored Programs Financial Administration
3. The following documentation should be forwarded to the appropriate staff in the Controller's Office:
 - a. Original transaction date
 - b. Invoice (or similar document) indicating the date goods were provided or services were rendered.
 - c. Identification of the program, project, or grant to be credited and individuals responsible for authorization.
 - d. Identification of the program, project, or grant to be charged and individuals responsible for authorization.