Harvard School of Public Health

Effective: 3/1/13
Responsible Office: HSPH OFS

Business Process – HCOM Requisition Approval, including those ≥ $50K

Purpose: An established business process for HCOM requisitions is needed to ensure proper internal controls are in place. These controls include departmental review and approval to ensure transactions are appropriate, properly documented and have a valid University business purpose. In addition, for HCOM requisitions of $50,000 or more, department financial management and HSPH Central senior management approval are required. Not adhering to this process subjects the School and University to financial risk.

Standards of Service: It is expected that the following standards of service will be followed for requisitions ≥ $50,000:

- Department = Submits requisition in HCOM on a timely basis.
- Cost accounting (sponsored only) = Approves as promptly as possible, but within 2 business days if all documentation is complete.
- Director of AP ($50K-$249K) = Approves as promptly as possible, but within 2 business days if all documentation is complete.
- Controller (≥ $250K only) = Approves as promptly as possible, but within 2 business days if all documentation is complete.
- CFO (≥ $500K only) = Approves as promptly as possible, but within 2 business days if all documentation is complete.

Process Steps for Approval of Requisitions

Step	Role	Task/Activity
1	Department	Enters requisition in HCOM with supporting documentation (see "Document Checklist" section for required documentation).
2	Department	Follows the "Department Approval Checklist" to review the requisition.
3	Department	Appropriate departmental administrative person[1] reviews and approves requisition based upon "Department Approval Checklist" requirements. To ensure appropriate segregation of duties, requestor/preparer must be different from approver.
4	Cost Accounting	For requisitions ≥ $50K charged to sponsored funds, reviews documentation in accordance with the "Cost Accounting Approval Checklist."
5	Cost Accounting	If correct and complete, approves in HCOM and sends to Director of AP ($50K-$249K) or Controller (≥ $250K). If necessary, follows up with originator for questions or additional information.
6	Director of AP	Reviews requisitions of $50K-$249K; then approves. If necessary, follows up with Cost Accounting with questions.
7	Controller	Reviews requisitions of ≥ $250K-$499K; then approves. If necessary, follows up with Cost Accounting with questions.
8	CFO	Reviews and requisitions ≥ $500K; then approves. If necessary, follows up with Controller with questions.

[1] Appropriate authorization is generally based upon the dollar amount of the requisition, but unusual circumstances may warrant additional authorizations. For requisitions of $50,000 or more, the recommendation and best practice is that the Departmental Administrator/Director approve the requisition. This approval may be delegated to the Financial Manager. However, for requisitions of an unusual, non-routine nature, the Departmental Administrator/Director should approve the requisition.

Approval of Requisitions Checklist

Department Approval Checklist:

The following departmental requirements are applicable to all requisitions.

- ☐ The procurement/payment is in compliance with established policies and procedures of the Org, School, and Harvard University.
- ☐ The transaction is for a valid University business purpose, which is evident or clearly explained in documentation.
- ☐ All goods and/or services being authorized for payment have been received.
- ☐ The correct 33-digit coding, including the proper object code, is used for the expenditure. For subcontract payments, the first $25K is charged to 8190 before 8191 or 8192 is used.
- ☐ There are adequate funds available for the amount approved for payment.
- ☐ For restricted gift and endowment funds (302000-389999, 430000-699999), the charge is in accordance with the terms of the fund.
- ☐ For all sponsored funds (100000-299999), the charge is within the budget and project period and in accordance with terms of the sponsored fund.
- ☐ Requisitions of ≥ $25K charged to sponsored funds have been signed or approved in HCOM by the PI[2], as well as the appropriate departmental administrative person. The PI can approve the requisition in HCOM directly, or via an attachment to the transaction.
- ☐ For federally sponsored funds (100000-199999):
  - ➢ the Vendor justification section in HCOM is completed for purchases over $5,000. (For subcontracts, the system will prompt the form to be completed, but departments can indicate in the notes section that it is for a subcontract.)
  - ➢ the Debarment Form is attached and debarment certification requirements have met. (For subcontracts, the system will prompt the form to be completed, but departments should choose the drop down titled '*DC is not required as this expenditure is with a subcontractor*.')
- ☐ For non-subcontract payments, all necessary documentation is attached (see "Document Checklist" section).
- ☐ For subcontract payments, all necessary documentation is attached (see "Document Checklist" section).
  - ➢ The invoice is prepared and signed by the subcontractor's institutional authorized representative and the sub's PI and/or the institutional authorized representative.
  - ➢ "Final" is included on the invoice for the final subcontract payment.

[2] In rare circumstances, the PI may delegate approval authority to an appropriate designee.

Cost Accounting Approval Checklist (for requisitions ≥ $50K charged to sponsored funds):

Note that while Cost Accounting is reviewing these items, the department has primary responsibility to ensure compliance with all items on the Departmental Approval Checklist and to provide clear and appropriate documentation (including all items in the Documentation Checklist) for the next-level approver.

- ☐ The requisition has been signed or approved in HCOM by the PI[3] and the appropriate departmental administrative person.
- ☐ The amount indicated to be paid matches the amount on related documentation including such things as the invoice, the Wire Transfer Authorization Form, and the Subcontract Payment Request memo.
- ☐ There are sufficient funds for payment within the performance period.
  - The award start and end dates on the invoice agree with these dates in GMAS.
  - There is a sufficient balance available in GMAS for the account string to be charged within the same performance period.
- ☐ Object codes appear to be properly used, especially for subcontract payments. For subcontract payments, the first $25K is charged to 8190 before 8191 or 8192 is used.
- ☐ Currency conversion documentation for international wires is attached.
- ☐ For non-subcontract payments, necessary documentation is attached (see "Document Checklist" section).
  - Vendor Justification Form is completed for all federally sponsored funds over $5,000.
  - Debarment Form is attached for federally sponsored funds >$25K.
- ☐ For subcontract payments, necessary documentation is attached (see "Document Checklist" section). The invoice is prepared and signed by the subcontractor's PI and/or institutional authorized representative. "Final" is included on the invoice for the final subcontract payment.
- ☐ For subcontract payments, the subcontract status report ties to HSPH financial data, both budget and expenditure, including:
  - Total budget agrees with the budget in the subcontract agreement and in GMAS.
  - Total of subcontractor expenditures agrees with the subcontractor's expenditure report.
  - HSPH total spending on behalf of subcontractor agrees with CREW report.
  - Total of Harvard payments to subcontractor agrees with CREW report.
  - Budget balance agrees with GMAS.
  - Subcontractor Services Expended Amount (in GMAS) + Total of Invoice to be paid = Total Cumulative Costs on Invoice.

Director of AP / Controller/ CFO (for requisitions ≥ $50K):

- ☐ General review for compliance with requirements described in Department and Cost Accounting checklists.

[3] In rare circumstances, the PI may delegate approval authority to an appropriate designee.

Documentation Checklist

For requisitions *other than subcontracts*:

- ☐ Quote or Invoice, if applicable
- ☐ PI[4] approval is required for sponsored payments ≥ $25K. This can be done directly in the HCOM, or via an attachment to the transaction.
- ☐ Wire Transfer Authorization Form, if applicable (must be completely filled out, with appropriate departmental approving signature)
- ☐ Currency conversion calculator, if requesting payment of an invoice in foreign currency (http://www.oanda.com/convert/classic)
  - The purpose of the currency converter calculator is to document the USD amount provided on the Payment Request; the USD amount on the Wire Transfer Authorization should be completed and include a 10% increase to allow for currency fluctuations. Central Admin Cash Management will process the wire based upon the actual conversion rate at the time of the wire.
- ☐ Vendor Justification Form
  - Required for purchases >= $5,000 that are charged to federal funds.
  - http://hlcra.harvard.edu/award-management/procurement/
- ☐ Debarment Form
  - For purchases on federal funds, debarment certification requirements must be met and attached to the requisition.
  - http://hlcra.harvard.edu/award-management/debarment-certification-al3/index.html
- ☐ HSPH Equipment Tagging Form
  - Required for equipment that has a unit cost of >=$5,000 and a useful life of one year or more (i.e., items charged to object codes 6801-6816).

For subcontract requisitions:

The following documentation must be included:

- ☐ Invoice, if applicable, or subcontract document supporting payment
- ☐ Wire Transfer Authorization Form, if applicable (must be completely filled out, with appropriate departmental approving signature)
- ☐ Currency conversion calculator, if requesting payment of an invoice in foreign currency (http://www.oanda.com/convert/classic)
  - The purpose of the currency converter calculator is to document the USD amount provided on the Payment Request; the USD amount on the Wire Transfer Authorization should be completed and include a 10% increase to allow for currency fluctuations. OFS Cash Management will process the wire based upon the actual conversion rate at the time of the wire.

[4] In rare circumstances, the PI may delegate approval authority to an appropriate designee.

Not required:

Vendor Justification form – the system will prompt the form to be completed, but departments can indicate in the notes section that it's for a subcontract.

Debarment Form –the system will prompt the form to be completed, but departments should choose the drop down titled '*DC is not required as this expenditure is with a subcontractor*.'

These documents may also be needed, depending upon the size and complexity of the subcontract:

- ☐ Subcontract Payment Status Report (must be completed by staff and approved by authorized signer) – see Appendix I; also posted on the OFS iSite.

  The subcontract status report must tie to HSPH financial data, both budget and expenditure, including:

  - Total budget agrees with the budget in the subcontract agreement and in GMAS.
  - Total of subcontractor expenditures agrees with the subcontractor's expenditure report.
  - HSPH total spending on behalf of subcontractor agrees with CREW report.
  - Total of Harvard payments to subcontractor agrees with CREW report.
  - Budget balance agrees with GMAS.
  - Subcontractor Services Expended Amount (in GMAS) + Total of Invoice to be paid = Total Cumulative Costs on Invoice.
- ☐ Subcontractor expenditure report (must be in format required by subcontract terms; in local currency; fully completed; and signed by the authorized subcontractor official(s))
- ☐ Memo, or note in HCOM, providing explanation of any unusual circumstances surrounding the payment request (e.g., payment request exceeds budget balance in GMAS because approved budget amendment has not yet been entered into GMAS)
- ☐ Documentation of relevant portions of the subcontract or Letter of Intent, as follows:
  - *Relevant pages from subcontract agreement*, including page one (inclusive of performance period and total estimated cost); payment schedule; signatures page
    OR
  - *Relevant pages from the amended subcontract*, including page one (inclusive of performance period and total estimated cost); payment schedule; signatures page
    OR
  - The signed Pre-Subcontract Letter of Intent
- ☐ Relevant CREW/GMAS reports (e.g., PER) documenting spending to date and budget

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Appendix I Subcontract Payment Status Report

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"PROGRAM NAME"	**Subcontractor Payment Status as of [DATE]**			**COMPLETE THESE CELLS**
Country				
Subcontract name				
Subcontract year				
Subcontract number				
TOTAL BUDGET			**(A)**	Should agree with total authorized amount in GMAS and budget amount on invoice Must highlight and explain if different (example: Budget on invoice shows Year 2 amendment only)
SPENDING				
Subcontractor Spending				
Q1				Should agree with the payment schedule of the subcontract. If subcontractor invoices more than quarterly, please add additional lines.
Q2				
Q3				
Q4				
Total Sub Expenditures		$ -	**(B)**	Should agree with the subcontractor's expenditure report (invoice) Must highlight and explain if different
HSPH spending on behalf of Subs				
8191				If there are charges other than subcontract payments please include here.
Other				
HSPH total spending on behalf of Subs		$ -	**(C)**	Should agree with the CREW Reports Must highlight and explain if different (this is only for HSPH expenses and not subcontract payments)
TOTAL SUB & HSPH SPENDING		**$ -**		
Percent of budget spent		**#DIV/0!**		
PAYMENTS TO SUBCONTRACTOR				
Carryforward from previous year (if applicable)				
Advance Payment/ Payment 1				List out each wire sent to subcontractor
Payment 2				
Payment 3				
TOTAL HARVARD PAYMENTS TO SUB		**$ -**	**(D)**	Should agree with the CREW Reports + expenses in GMAS Must highlight and explain if different
Total Harvard Payments to Sub		$ -	**(D)**	
Total Sub Expenditures		$ -	**(B)**	
CASH ON HAND		**$ -**		
Budget		$ -	**(A)**	
Total Harvard Payments to Sub		$ -	**(D)**	
HSPH total spending on behalf of Subs		$ -	**(C)**	
BUDGET BALANCE:		**$ -**		Should agree with the budget balance in GMAS Must highlight and explain if different
AMOUNT TO BE PAID:				If different than invoice amount, or quarterly payment per sub amendment please explain. Please insure that the available budget in GMAS is enough to cover the invoice. If not please explain.

Reviewed By: ______________________________ (Signature)

______________________________ (Printed Name)

Reviewed By: ______________________________ (Signature)

______________________________ (Printed Name)

The excel version of this Appendix is posted on the OFS iSite.