



**City of Madison**

**Purchasing Services  
&  
Accounting Services**

**Handbook**

**January, 2006**

## Table of Contents

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Introduction.....	1
Purchasing Dos and Don'ts.....	1
Shared Responsibilities.....	1
Key Terminology.....	2
Forms and How to Use Them.....	3
Receipting a Purchase Order.....	6
Purchasing Timetable.....	8
Rush and Confirming Orders.....	8
Partial and Damaged Shipments.....	8
Shipping and Freight Charges.....	9
Change Orders and Returned Goods.....	9
Sales Tax and Tax Certificates.....	10
Unauthorized Purchases.....	10
Disallowed Purchases.....	10
Surplus Supplies.....	10
Partial and/or Advanced Payments.....	11
When is an Independent Contractor an Employee?.....	11
Purchase of Consultant Services.....	11
Purchases of Audio-Visual Equipment and Computer Equipment.....	11
Purchasing Discounts.....	11
Miscellaneous SXD Information.....	12

## **Introduction**

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This handbook has been written to assist the department's "purchasing contact," in the performance of purchasing and accounting responsibilities.

## **Purchasing Dos and Don'ts**

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1. City employees are encouraged to communicate with their department "purchasing contact" when they are in need of an item or service. The designated "purchasing contact" will then route the request to Purchasing Services.
2. Purchasing contacts can communicate with vendors directly for general information purposes. You must receive prior authorization from a member of Purchasing Services before soliciting written quotations or proposals from vendors.
3. When requisitioning an item or service, try to be as specific as possible in describing what you want. Include the model, make and product numbers when ordering items and give an estimated price if available. Final pricing will be the responsibility of Purchasing Services.
4. You can suggest a particular brand name to help identify an item or service. If the brand name item is the only one you are considering (no substitutions), then you will have to submit a written explanation (Sole Source Justification Form) to Purchasing Services, signed by your department head or designee.
5. Do not ask the vendor to send the original invoice to your department. Only General Accounting is authorized to make payments. You can request that a duplicate copy of the invoice be sent to you. Direct questions about this to General Accounting, 266-4671.
6. When placing orders by telephone: make sure that the vendor knows your department name, your name, department address and telephone number. You will also need to give the vendor the correct Limited Purchase Order (LPO), Purchasing Credit Card or Purchase Order number when placing orders by telephone. All bills and invoices should be sent to General Accounting, Room 406, City-County Bldg., 210 Martin Luther King Jr., Blvd., Madison, WI 53703-3345.
7. Petty cash and stamps can be obtained by filling out an LPO and submitting it to General Accounting, Room 406, City-County Bldg., 266-4671.

## **Shared Responsibilities**

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The ordering department, Purchasing Services and General Accounting all share responsibilities in the purchasing process.

1. The ordering department or designated "purchasing contact" is responsible for informing Purchasing Services of the goods and services that it requires. The designated "purchasing contact" does this by:

- a. Preparing the Limited Purchase Order (LPO) form; or
  - b. Preparing the electronic SXD disbursement requisition form.
  - c. After delivery, the “purchasing contact” verifies that the correct items have been ordered. If any discrepancies are found, the “purchasing contact” advises Purchasing Services.
  - d. The “purchasing contact” also notifies the General Accounting when it is okay to pay a bill. This is done by: sending a copy of the LPO form to General Accounting or by creating a SXD electronic receipt.
2. General Accounting will pay all invoices for City departments.
  3. Purchasing Services is responsible for contracting for all goods, regardless of amount, and for services under \$25,000 dollars for City departments, per Administrative Procedure Memorandum No. 1-8.

## **Key Terminology**

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1. Standard Purchase Order: This is a purchase agreement between the City and the vendor. The purchase order form specifies the quantity, product description, terms, discounts, freight charges and any other agreements pertinent to the purchase.
2. Confirming Purchase Order: A confirming purchase order can be used for emergency purchases of goods and/or services. The confirming order process is meant to speed up the normal ordering process.
3. Remittance Attached Purchase Orders: Payment is enclosed with the vendor copy of the purchase order. This method is used as required in special circumstances.
4. Contract Purchase Orders: There are three (3) types of contractual agreements that occur between the City and the vendor:
  - a. Price Agreement: Authorizes departments to purchase specific items at a stated unit price on an as needed basis. The frequency of purchase is not limited.
  - b. Blanket Order: Authorizes the department to make purchases for goods/services “as needed” from a particular vendor. This type of purchase is usually handled on an “over the counter” basis.
  - c. Lease or Rental Agreement: Authorizes a department to lease or rent equipment. The vendor, price, item and time period are all specified.
5. Limited Purchase Order Form (LPO): created by the user agency for purchases that will be shipped complete and billed in total.
6. Sole Source Justification: A sole source may be used only when a department can justify that competition does not exist or would not be “in the best interests of the City. A written justification signed by the department head or designee is required.

## Forms and How to Use Them

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1. Limited Purchase Order (LPO): created by the user agency for purchases that will be shipped complete and billed in total.

This is the correct form to use for: **non-contract vendors, sole-source vendors, for utility payments, subscriptions, memberships, remittance attached (No PO) orders, check needed prior to purchase, travel and training orders, medical and safety reimbursements, petty cash, and postage stamps.**

- a. Go to EmployeeNet
- b. Click on Forms
- c. Click on LPO (Print two copies)
- d. The requisition should appear on the screen. Today's date will fill automatically. If wrong date appears, click on re-set button at the bottom right hand corner of the form. *Adobe Reader 4.0 or higher is necessary for the form to function correctly.*
- e. Click on down arrow box for department
- f. Click on Your Department: This will automatically fill in first two digits of the requisition number.
- g. Fill in Balance of Requisition Number: The number must be a total of seven digits. Each department must keep track of the requisition numbers used.
- h. Vendor Number & Contract Number: Leave blank. For Accounting Dept. use only.
- i. TAB to Vendor Info
- j. Fill in Vendor Address Information: Use the TAB key to advance to the next line. (For addresses outside the United States, please attach an envelope with the address on it, and only type in the company name for the vendor information). SXD is not set up for addresses outside the country.
- k. Ship to Address: This is for using the requisition form as an order form. Fill in your address and send an extra copy of the requisition to the Comptroller's Office to mail with the check.
- l. TAB to Request Originated By: Type in the name of the contact person from your department.
- m. TAB to Phone Number: Fill in contact person's phone number.
- n. Authorized Signature: An authorized individual must sign the Comptroller's copy.
- o. TAB to Invoice No.: Fill in the invoice number.
- p. TAB to Invoice Date: Fill in the invoice date.
- q. TAB to Description: Description can only be thirty (30) characters long. If the invoice number and date are available, no description is necessary for Accounting Department purposes.
- r. TAB to Amount: Enter dollar amount of line item, press TAB. (If you have a credit, use the hyphen key next to the zero key on the keyboard before typing the number.
- s. Enter Account Number: After entering the fund, TAB to continue through the account #. If your department only uses Fund-Object- Agency, you do not need to enter all the zeros at the end.
- t. TAB to get to the next line for a second invoice or description.
- u. Shipping or Postage: Click on Box and enter dollar amount.
- v. Total: The amount column will total for you.
- w. Instructions: Click on line and type in any mailing instructions.

- x. Print 2 Copies: Three for an order form.
- y. Comptroller: Send one copy (2 if using as an order form) with authorized signature and original invoices attached. Also attach remittance, registration forms, order forms and other paperwork to be mailed with the check.
- z. Department: Keep on file in your department.
- aa. Reset Button - click before you start the next requisition to clear all information.

If you have any questions, please call General Accounting at 266-4671.

2. Electronic SXD Requisition Form: Note: individual or group training of the SXD system is available by contacting Purchasing at 266-4521. This is a form that is generated on your computer and is designed to be used for: **orders to non-blanket contract vendors, orders that exceed the dollar limits for blanket contract vendors, all maintenance contracts, fixed asset orders, purchases of consultant services, confirming orders, remittance attached (PO) orders.**

To Enter a Requisition:

- a. Click on P.O.
- b. Click on Requisitions
- c. Click on OK
- d. Click on New (upper left-hand) button.
- e. TAB from req. # to the next blank field - type in brief description (example: tools).
- f. TAB to: Required By - type in date P.O. is needed.
- g. If total P.O. is to be charged to multiple accounts, click Allocate. \*If not, leave blank.
- h. TAB to Max Amount - type in maximum amount of P.O.
- i. TAB to Account - fill in account number.
- j. TAB to Vendor - fill in vendor number if known.  
(\*See instructions for doing a "look-up" if vendor number is unknown. If new vendor, leave this blank and put vendor information in header supplement.)
- k. TAB to Warehouse and enter your warehouse location. (\*\*Instructions follow for "look-up.")
- l. SAVE (top - 4th button from left).

You will now have a new screen.

**Do not fill in item (with yellow background) or ST**

- a. TAB to Quantity - enter amount needed.  
Note: If quantity is unknown, leave blank and fill in amount only. If multiple payments of unknown or various amounts will be made, leave blank and fill in amount only.
- b. TAB to UOM - enter EA, DOZ, LB, etc.
- c. TAB to Price - fill in unit price.
- d. TAB to Acc't # - Complete if not carried over from previous page.
- e. TAB to Description and fill in. If more room is required, click on Supplement button, complete your description in the notes box and click on OK. SAVE. For each additional line, follow instructions 1-5. When you have entered your last line, click UNDO (X - 5th button from left on the top).

- f. Click on Submit.
- g. Have authorized person in your department approve the requisition.

P.S. If you wish to divide the cost between two or more account numbers for specific line items only, check Allocate. Then click on Allocate. Click New. Type in first account number and percentage. SAVE. Click on New again. Enter second account number and percentage. SAVE. Repeat as many times as needed. Click close (on allocation screen only.) This returns you to items.

\*When you have allocated the total P.O., the program will automatically take you to the STD Alloc Tab prior to the Items Tab. Type in first account number and percentage. SAVE. The system will automatically open the second line. Type in second account number and percentage.

Continue these steps until all information is entered. Click on undo "X" on the last line created after you have saved so that you will not have a zero line. Click on the Items Tab and follow previous instructions.

#### **\* Vendor "Look-Up"**

1. Hit SHIFT and F1 keys together.
2. Click on SPYGLASS.
3. Type in 1st 3 or 4 letters of vendor name.
4. Click on FIND 1ST.
5. Click on CANCEL.
6. Scroll to vendor; when found, highlight.
7. Select by clicking on yellow checkmark.

Note: If vendor is not found in file, simply close (by clicking on blue book button) and leave vendor blank.

#### **\*\* Warehouse "Look-Up"**

1. Hit SHIFT and F1 keys together.
2. Scroll to find your location.
3. Click on location to highlight.
4. Select by clicking on yellow checkmark.

You can include any special notations on the "header supplement." A special notation would include: any special delivery instructions, any purchase limitations or exceptions; for new vendors - you could include their address and telephone numbers.

Only approved requisition orders will be transferred to Purchasing Services. You can track the progression of your order by monitoring the SXD Requisition Selection Screen. Contact Purchasing Services, 266-4521, if you have questions about this procedure.

The Purchase Order will be created and mailed, or faxed, to the vendor within 24 hours of Purchasing Services receiving the approved requisition, unless Purchasing Services needs to bid it out. (See Purchasing Timetable)

3. Limited Purchase Order (LPO) Form: The top sheet (Vendor) is blue, 2nd sheet (Vendor Copy) is yellow, 3rd sheet (General Accounting Copy) is pink and the last sheet (Department) is goldenrod. **You can use a LPO form when merchandise is ordered from a vendor with whom a Price Agreement or Blanket Order contract exists.** It is a good idea to review the most recent Vendor or Product LPO Index prior to writing out your LPO form.

Accounting will not issue payment to non-LPO vendors or for orders which exceed the stated dollar limits. When using a LPO form it is important to: write in the complete vendor name, address, city, state and zip code; include a correct account number for billing purposes; write a detailed description of the items and/or services being purchased; include a price estimate; include your department name and address. All LPO forms are to be signed by the department head or authorized designee and forwarded to accounting within 3 days of issue.

## **Receipting a Purchase Order**

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1. How to Receipt as Quantity:
  - a. Click on P.O.
  - b. Click on Receipts
  - c. Click on OK
  - d. Click on New
  - e. If you know P.O. number, TAB over to Purchase Order # and enter the number. If you don't know the number, click on Search. To do a search for a purchase order, do the following:
    - i. Click on OK
    - ii. Scroll to find Purchase Order Number
    - iii. Click on Purchase Order Number. This will highlight the Purchase Order Number.
    - iv. Click on Select (yellow checkmark)
    - v. This will bring you back to the Header screen with Purchase Order Number already entered.
    - vi. Then proceed with the next step.
  - f. Once you enter the Purchase Order Number, TAB over to final receipt. This is used for QUANTITY amount when you have received less than P.O. quantity amount and there will NOT be any more items received (i.e., PO for 100 items and we only received 80 as final count). If you are receiving the exact amount as the P.O. was originally issued for, the computer will automatically record receipt as final. Press Enter. (See below for Dollar Amount.)
  - g. Now you should be on Items screen. Computer will automatically highlight first P.O. line item.
  - h. Cursor is in Receipt Quantity field. Enter the quantity received.
    - i. Press Enter.
    - j. If there is more than 1 line item on P.O., highlight the next line and click edit for each line item.



- k. When receipting is complete, click on Complete. This **must** be done in order for accounting to complete invoicing process. (After you click on Complete, there will be a “C” showing next to the status.)

**\*Optional-If you wish to give instructions to Accounting to pay an amount or quantity more than the P.O. states, use the attachment (paper clip) button on the top line. Open/Click on New/Tab 3 times to memo/Write instructions/Save**

2. How to Receipt as Dollar Amount:

- a. Follow steps 1-7 (as noted in How to Receipt as Quantity)
- b. Amount field will now be highlighted.
- c. Enter dollar amount that should be paid and proceed with steps.
- d. If cursor is on Quantity field, you must enter quantity only. If dollar amount field is highlighted, you must enter dollar amount.

3. What letters stand for in the Receipt Status field under “Receipts Entry/Review”:

C = Completed  
I = Invoiced  
X = Cancelled

When reviewing receipts, the “C” status is the only one that is still an open receipt and can be used by Accounting.

4. How to Notify Accounting of Information Regarding the Receipt:

- a. After receipting the line items of the purchase order and before clicking on Complete, click on the Items tab of the receipt.
- b. Click on either the Attachment button or Paperclip button.
- c. Click on New
- d. TAB to “memo text” and type the information for Accounting
- e. Click Save
- f. Click Complete

Note: To show symbols instead of wording, right click anywhere on the tool bar and click show labels. This can also be reversed from symbols to words.

Looking Up Alternate Addresses:

The vendor file has an “Alt Addr” tab that needs to be clicked to view remittance addresses that are different than the header tab address. It also contains fax numbers and additional telephone numbers. Only Purchasing or Accounting has the ability to make any changes to the vendor file.

## **Purchasing Timetable**

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### **WHERE IS MY SXD ORDER?**

Purchasing Services requires a certain amount of time to make the best possible purchase. Procurement time can vary depending upon the cost, nature and urgency of the request.

1. Orders totaling \$2,000 dollars and less will be processed immediately. If a vendor and a price for each item is included in the requisition, it will be processed as is. This type of purchase is usually made from vendors who are supplying the item at a reasonable price and with an appropriate quality level in the best judgment of the buyer. This is considered a Best Judgment Purchase.
2. Orders totaling \$2,000 - \$10,000 dollars can usually be completed within 3-15 working days. This type of order is usually includes a Faxed Request for Quotation. Bids are due at a specified time, between 3-10 days from the date of solicitation.
3. Orders for more than \$10,000 dollars can take up to six weeks to process. Formal invitations to bid are solicited. Advertising, if judged necessary, will be prepared and will require ample time for vendors to respond.

When making inquiries about the status of your order, please have your SXD requisition number available so that Purchasing staff can locate your order in a timely fashion.

### **Rush and Confirming Orders**

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Orders requiring special attention can be processed within 1-2 working days.

1. Enter, submit and approve a SXD requisition;
2. Call Purchasing Services at 266-4521 and request a confirming order number;
3. Call the vendor and place the order. Reference the Confirming Order Number;
4. When you receive the items, enter an electronic receipt into the system.

**After normal business hours (5:30 p.m. - 7:30 a.m.) place the order, but advise the vendor to delay invoicing until he has received a purchase order number from you.**

**The next day - follow steps 1-4 shown above. Notify Purchasing Services that the order has already been placed.**

### **Partial and Damaged Shipments**

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1. If you receive an incomplete shipment and the delivery or packing slip indicates that the missing items have been ordered: **make a copy of the LPO form for your file or complete an electronic receipt, indicate that you received a “partial” order and specify which items you have received. Forward the copy of the LPO to Accounting along with the**

**delivery/packing slip. When you receive the back ordered items, send the copy of the LPO form or another SXD receipt to Accounting, indicating that you now have a complete order.**

2. If you receipt a damaged shipment, immediately contact the vendor. If the vendor will not replace the damaged goods contact Purchasing Services by phone, e-mail or fax. Purchasing Services will assist you in returning the damaged goods and in obtaining replacements. As with any other delivery of items you will need to send some type of LPO or SXD receipt to General Accounting.
3. If you receive a shipment which is incorrect but acceptable to you: **change the description of the items on your LPO form to reflect what you actually received. If this order was placed via the SXD Purchasing System you will need to ask Purchasing Services to issue a CHANGE ORDER.**

### **Shipping and Freight Charges**

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Purchasing Services attempts to obtain vendor price quotations for “delivered” products. However, in some cases the vendor will pay the shipping or freight charges and then add them to the invoice. Upon receipt of such an invoice, General Accounting will contact Purchasing Services regarding payment.

If you receive a shipment which has been sent “collect:”

1. Call Purchasing Services, 266-4521, immediately to determine who is responsible for the shipping/freight charges.
2. If the shipping/freight charges are the City’s responsibility and the P.O. has already been closed, Purchasing Services will require that you fill out a LPO for the cost.
3. Send the LPO, along with the invoice, to General Accounting as soon as possible. I.C.C. regulations require payment within seven (7) working days of receipt of an invoice.
4. If you are aware of shipping costs prior to placing your order, be sure to include them as a line item on your LPO, SXD requisition.

### **Change Orders and Returned Goods**

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Purchasing Services can make the following SXD purchase order revisions prior to your receipting an order:

1. Cancel an order
2. Adjust pricing
3. Delete part of an order
4. Add to an order

5. Change the product description or a part number
6. Change the vendor.

If a vendor informs you that any change is necessary to your purchase order, call Purchasing Services, 266-4521, as soon as possible and advise them of the change. If you return any purchased goods to the vendor for credit, obtain a receipt (credit memo). Advise both Purchasing Services and General Accounting of returned products. Remember to reference the PO or LPO number and the budget account number used. The account number will then be credited. Follow the same procedure when goods are exchanged.

If the vendor sends you a check rather than a credit memo, the check should be made out to the CITY OF MADISON TREASURER. Send the check to General Accounting, Room 406, City-County Bldg. Attach a memo referencing the LPO or purchase order number and the account number to be credited.

### **Sales Tax and Tax Certificates**

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Please be advised that a retailer making exempt sales to a federal or Wisconsin governmental unit may accept Form S-209 as proof that a sale to the governmental unit is exempt from Wisconsin State, county and stadium sales and use taxes and local exposition taxes. This certificate may be accepted in lieu of a purchase order or similar written document (tax certificate) identifying the governmental unit as the purchaser per Wisconsin Tax Bulletin 98 - July 1996. The City of Madison as a municipality is exempt from payment of federal excise taxes (registration number 39-73-0411-K) and State of Wisconsin taxes per Wisconsin Statute 77.54(9a). Federal Tax ID #39-6005507. Our Tax Exempt Number is ES 42916. Note: This may or may not exempt the City from room taxes. Questions about sales tax or tax certificates should be directed to the Purchasing Services at 266-4521, or to General Accounting at 266-4671.

### **Unauthorized Purchases**

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The City prohibits all employees from entering into verbal agreements for the purchase of goods and services without prior approval from Purchasing Services. Orders for good and/or services that exceed the dollar limitations on the current vendor contracts, or are made with vendors who are not on the most current vendor blanket contract lists may be disallowed by Purchasing Services and no payment will be made by General Accounting.

### **Disallowed Purchases**

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The City of Madison will not pay for personal items for employee use. Questions about this procedure should be directed to Purchasing Services.

### **Surplus Supplies**

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Several times a year, Purchasing Services collects surplus office furniture and equipment. Surplus items are stored at 120 S. Fairchild Street and are available to City departments for business use at no

cost. For information about upcoming surplus property moves contact Purchasing Services, 266-4521.

The City also lists surplus property throughout the year on the web. The website is: [www.publicsurplus.com/](http://www.publicsurplus.com/). You must contact Purchasing Services to obtain the registration code to enter the site as a City employee.

## **Partial and/or Advanced Payments**

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It is a City of Madison policy not to make partial or advance payments to vendors prior to delivery of goods and/or services. Normally the only exception to this practice is when a vendor offers a substantial discount to the benefit of the City for partial payment. Partial and advance payments require the prior approval of the Purchasing Agent.

## **When is an Independent Contractor an Employee?**

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When purchasing professional services from an individual, a determination must be made as to whether the vendor is an Independent Contractor or an employee of the City. The Internal Revenue Service has prepared a pamphlet containing “20 Common Law Factors” to be used in making this determination. Contact Purchasing Services to discuss these guidelines prior to hiring an independent contractor.

## **Purchase of Consultant Services**

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Consultant services may be purchased following the procedure outlined in the City of Madison Ordinance Number 3.61, Section C - Consultant Services. Prior to drafting a scope of services, a request for proposal, or hiring a consultant, please contact Purchasing Services.

## **Purchases of Audio-Visual Equipment and Computer Equipment**

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All requests for audio-visual equipment (including televisions, VCRs, monitors or camcorders) should be approved by Madison City Channel prior to contacting Purchasing Services. Please contact the Station Manager, Brad Clark, at 266-4839 with any such requests.

All requests for computer equipment must be approved by Information Services prior to contacting Purchasing Services. Please contact Karen Bollman, 266-4193, for assistance.

## **Purchasing Discounts**

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General Accounting tries to take advantage of all discounts. A vendor usually will offer a discount if an invoice is paid according to the agreed upon terms. General Accounting cannot pay an invoice until it has received the copy of the LPO form or a SXD receipt from you. Therefore, any delay in forwarding needed forms to General Accounting could result in the loss of a discount or an additional finance penalty. Your department is responsible for any finance charges which result because you did not forward receipt information in a timely manner.

## **Miscellaneous SXD Information**

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### **TO FIND YOUR LATEST P.O.'S**

1. Click on P.O.
2. Click on Purchase Orders
3. Click on OK

Under the tool bar, there is a subheading with Vendor, Buyer, P.O. Number, P.O. Date, etc. If you wish to sort the orders by date, click on P.O. Date (it will be blue). This will reverse the display, bringing up the newest ones first. You can sort any column in this manner. You can also apply the same method to receipts and requisitions.

### **TO PRINT A PURCHASE ORDER**

1. Click on P.O.
2. Put cursor on or click on Reports
3. Click on Purchase Order Report
4. TAB to P.O. Number
5. Type in P.O. Number
6. TAB to Through
7. Type in the same P.O. number
8. Click on OK (upper right, 3rd from right)

### **TO FIND A PURCHASE ORDER IN A SPECIFIC TIMEFRAME**

1. Click on P.O.
2. Click on Purchase Order
3. Click on P.O. Date From
4. Type in Oldest Date in Range
5. Click on To
6. Type in Newest Date in Range

7. Click on OK

Only those P.O.'s in this range will be displayed.

#### **TO SEE IF A CHECK HAS BEEN PROCESSED AND TO GET THE CHECK NUMBER**

1. Click on AP
2. Put cursor on Inquiries
3. Click on Vendor Analysis
4. Type in Vendor # and go to step viii (\*\*)
  - a. If You Don't Know the Vendor Number
    - i. Shift F1 (at the same time)
    - ii. Click on Find (3rd button from right in upper bar)
    - iii. Type in Vendor Name space 1st three characters of Vendor's Name. (If it is a person's name, use last name)
    - iv. Click on Find First
    - v. Click on Cancel
    - vi. Scroll down the file until you find the correct vendor (click on down arrow on lower right side). If you don't find a number for the vendor, GO TO (\*\*\*)
    - vii. Highlight Vendor
    - viii. Click on Select (located at top of screen, yellow checkmark)  
(\*\*) Vendor Number Is Filled In: If you are looking for an invoice and have the invoice number, follow the next step. If you don't know the Invoice Number then GO TO (\*\*\*\*)
    - ix. Click on Invoices
    - x. Click on Closed
    - xi. Click on Find
    - xii. Click Vendor Invoice, type in Invoice Number
    - xiii. Click on Find First
    - xiv. Click on Voucher
    - xv. Go to Terms to get check number and planned pay date (pay date is the check date).
    - xvi. Click on Ledgers to get account number information
  - b. (\*\*\*) If the Vendor Does Not Have a Vendor Number
    - i. Type in 999999
    - ii. Click on Invoices
    - iii. Click on Closed
    - iv. Click on Name (Column Title in order to alphabetize file)
    - v. Click on Find
    - vi. Type in First Three Characters of Vendor's Name (if it is a person's name, use last name)
    - vii. Click on Find First

- viii. Click on Cancel
- ix. Scroll down the file until you find correct vendor (click on down arrow on lower right side)
- x. Check Number and Check Date are listed
- xi. Click on Vouchers for more information

c. (\*\*\*\*) If You Do Not Know the Invoice Number

- i. Click on Payment
- ii. Highlight the line for which you want more detail.
- iii. Click on Detail
- iv. Click on Voucher
- v. Click on Terms to get check number and planned pay date (pay date is the check date).
- vi. Click on Ledgers for account number information.

**SUBJECT: CAPITAL ASSET INVENTORY PROCEDURES**

Capital (Fixed) Assets of significant value and possessing certain other characteristics shall be inventoried and especially controlled by each department and division. The Capital Asset Inventory System is designed to meet the following needs:

1. Insurable Value: Information for insurable value shall include location, date of acquisition, original costs, and departmental designation.
2. Accounting Information: The need for accounting purposes includes total investment in fixed assets by department, broken into major categories as follows:
  - a. Land
  - b. Buildings
  - c. Building Improvements
  - d. Machinery and Equipment
  - e. Automotive Equipment
  - f. Office Furniture and Fixtures
  - g. Office Equipment
3. Control: Control of capital assets is meant to assure that City property is not removed for private purposes. In addition, the control feature of the system will provide for accounting for transfers between departments and divisions.

**DEFINITION**

Capital Asset property meeting the following criteria shall be included in the Capital Asset inventory:

1. The item is owned by the City of Madison.
2. The item has a useful life of more than three years and constitutes an item of equipment rather than a supply item.
3. The item has a replacement cost of \$2,000 or more.



4. Items which have a replacement cost of less than \$2,000 but more than \$100 shall be included if:
  - a. The items are highly mobile and susceptible to pilferage, such as calculators, tape recorders, cameras, etc.
  - b. The items are suitable for grouping with other identical items rather than individual listing. Examples: Four or more conference or visitors' chairs, desks, tables, etc. As a general rule, identical items which have a replacement cost of more than \$100 should be grouped when the total cost of these items would exceed \$2,000.

## **GENERAL**

In order to assure that the physical inventory is kept up-to-date, the following procedures will be observed:

1. Department/Division Coordinators:

Each department and division head will appoint one or more Capital Asset Inventory Coordinators and will furnish their names to the Comptroller's Office/General Accounting.

2. On-Line Capital Asset System and Procedures Manual:

The Capital (Fixed) Asset System is one component of the City's on-line SXD system. Detailed instructions regarding system access, maintenance and report generation are to be obtained from Harry Ogden in General Accounting, 261-4286.

3. Forms and Inventory Tags:

The Inventory Maintenance Form will be used to add new fixed assets to the Capital Asset Inventory; the Property Disposition/Transfer Report will be used to delete capital assets from the Inventory. Copies of both forms can be obtained from General Accounting (Harry Ogden). General Accounting also stocks pressure-sensitive inventory tags for distribution to all departments.

4. New Capital Assets:

Upon receipt of capital assets, departments will affix inventory tags to the items and complete all appropriate fields of the Inventory Maintenance Form (IMF). Comptroller's Office staff will key all IMF information into the on-line system.

5. Disposition/Transfer of Capital Assets:

When Capital Asset items are excess to the needs of a department or division, or are lost or stolen, or are available for transfer to another agency, a "Property Disposition/Transfer Report" form will be forwarded to General Accounting. Capital Asset items shall not be transferred to another agency until and unless such transfer has been approved by Purchasing Services or its designee.

6. Reports and Inventories:

- a. Departments can access the on-line system to perform queries and report generation. Contact Harry Ogden at 261-4286 to obtain authorization.
- b. Annually, department/division personnel will check the inventory report against capital assets currently on hand and report any discrepancies to Accounting.