

Asset Instalments Initiative

Purchasing & Payment Improvement

Never Stand Still

Asset Instalments information for Buyers – Simplifying the Process

Why is this Changing?

The old process for Asset instalments is complicated. Buyers had to contact AP every time a prepayment was made. This process was prone to error leading to duplicate payments. In addition, there is a lot of manual work between buyers and AP in monitoring prepayment.

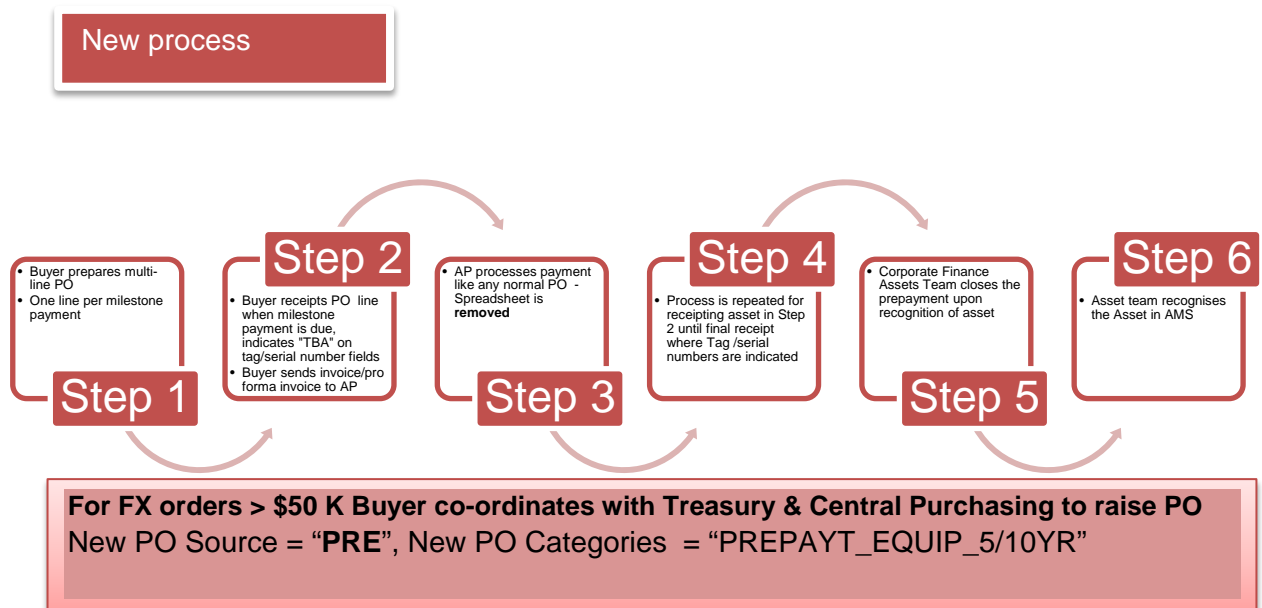
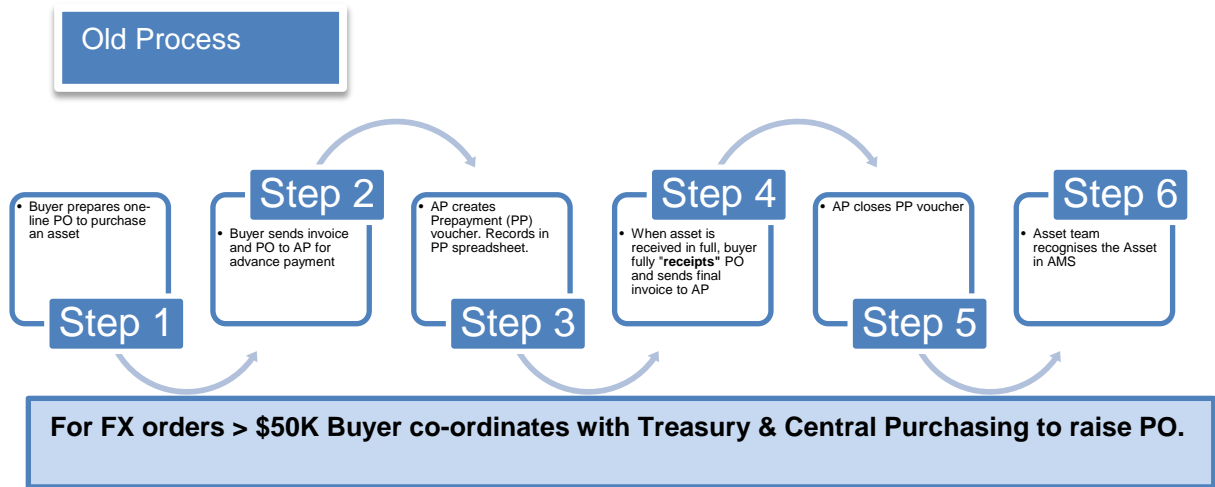
The main advantages of this new process include

- better buyer experience
- improved control over instalment payments
- enhanced reporting as actual expenditure on asset instalments are reflected in NVision reports.

What is the summary of the change?

- Under the new process, the Purchase Order (PO) will be split into multiple PO lines where one PO line indicates one milestone payment.
- Once the milestone is due for payment, buyer will “receipt” the PO line accordingly.
- Buyers will send to AP the invoice/pro-forma invoice (marked as “PREPAYMENT”) along with the PO number, receipt number, and deal number (if applicable).
- A new PO source and new PO categories is introduced for the new process.
- The new process will also apply to non-asset instalments like advance payment for bus/charter hires, conferences, consumables etc.

1. What has changed for me?



2. How does the changes impact raising a PO for asset instalments?

There is a new PO source (origin) and PO categories as follows:

PO source (origin)	PRE (<i>found in header details- see below</i>)
PO categories	PREPAYT_EQUIP_5YR (<i>see below</i>)
	PREPAYT_EQUIP_10YR

Both PO source and PO categories will be used when raising a PO with asset instalments/milestone payments. The default GL account for the new PO categories is **5411** which is a new account established for asset instalments only.

screenshot for header details page

Business Unit: BUSFI PO ID: NEXT PO Status: Open Budget Status: Not Chkd

Copy From: Vendor Search

*PO Date: 08/07/2014 Vendor: ALCONLABOR-001

*Vendor ID: 0000000015 Alcon Laboratories (Australia) Pty Ltd

*Buyer: S9902836 Lisa Christie

Approver: 23279076 John Hilton

*On behalf of: Finance

*Receiptor: S9902836 Lisa Christie

PO Reference: Asset instalment

Receipt Status: Not Recvd

*Dispatch Method: Print

Amount Summary

Merchandise: 0.00

Freight/Tax/Misc.: 0.00

Total Amount: 0.00 AUD

Business Unit: BUSFI PO ID: NEXT Vendor: ALCONLABOR-001

Vendor: ALCONLABOR-001 PO Date: 08/07/2014

*PO Type: GEN Budget Status: Not Chkd

*Billing Location: AP Billing Address

Origin: PRE Prepayment

Currency

Currency Code: AUD Exchange Rate Detail

Rate Date: 08/07/2014

Rate Type: CRRNT

Process Control Option

Acknowledgements required for: Not required

*Dispatch Method: Print

Accounting Date: 08/07/2014

Accounting Template: STANDARD

Template ID:

OK Cancel Refresh

If the order is foreign exchange related and the order value is more than \$50K AUD, buyer coordinates with Treasury to “lock in” the exchange rate. Buyer fills up the [Treasury Hedging Application](#) form and sends it to forex@unsw.edu.au. UNSW Treasury will provide the form to the buyer containing the fixed exchange rate expressed in Deal number and after filling up the relevant details, buyer will forward the form to Central Purchasing who will raise the PO.

3. How do I “receipt” milestone on asset instalments?

When a milestone is due for payment, buyers will “receipt” the corresponding PO line. To receipt, buyers enter the tag and serial number on each PO distribution line. As the item is not installed, buyers will enter “TBA” on these fields.

At the final payment (normally after commissioning and installation), both fields, if available, will be entered in the spaces provided. If the serial number is not available, buyers should advise the Assets Team including the anticipated time the asset will be fully installed.

The receipt number, PO number, Deal number (if applicable) and copy of invoice (marked as “PREPAYMENT”) will be submitted to AP (invoiceap@unsw.edu.au).

4. What if there are multiple assets in a Purchase order in asset instalments/ milestone payments?

When the PO involves two or more assets, the PO lines will be split to recognise the individual equipment with the corresponding milestones due. For example, if two pieces of equipment are to be purchased with 3 milestone payments, there will be six PO lines as follows:

PO line 1	Equipment 1- Milestone 1 (30%)
2	Equipment 1- Milestone 2 (35%)
3	Equipment 1- Milestone 3 (35%)
4	Equipment 2 Milestone 1 (20%)
5	Equipment 2 Milestone 2 (25%)
6	Equipment 2 Milestone 3 (55%)

It is important to provide sufficient asset description on the equipment (preferably within the first 30 characters) for example: *“Spectrometer & components as per Quote. 1234 dated 04/06/2014”* this will flow through the asset description in the Assets Management System (AMS).

5. What is the PO category for non-equipment asset instalments?

The PO category will be the usual PO category for assets for non-equipment items. Buyers will still need to indicate the PO source to “PRE”.

A query with PO source “PRE” will be generated to Faculty/Division Finance at month-end to determine whether a prepayment journal is required.

If the prepayment is expense-related, please refer to # 6.

6. How do we handle expense-related advance payment (e.g. bus/charter hire, conferences, consumables etc.)?

Expense-related payment in advance will be processed like any normal PO (with the usual PO category and GL account code). Buyers will indicate the PO source as “PRE”. Buyers will receipt the PO line and send the copy of invoice/pro-forma invoice (marked as PREPAYMENT) along with the PO number, receipt number and deal number if applicable, to AP for payment.

If a pro-forma invoice was supplied, it is the responsibility of the buyer to secure the final invoice and send it to AP.

A query with PO source "PRE" will be generated to Faculty/Division Finance at month-end to determine whether a prepayment journal is required.

7. Should I amend the account code for non-equipment milestone payment to 5411?

No. The new account 5411 is created mainly for asset instalment purchases with the PO categories "PREPAYT_EQUIP_5/10YR". If a different PO category is selected, buyers will use the usual account code rather than the 5411.

8. How do we handle multiple projects that will be charged in one PO?

In order to charge multiple projects in Asset instalments/milestone payments buyers, must be aware of the following:

- Each PO lines will be split by the various projects in the PO distribution lines. This means more PO distribution lines in creating the PO.
- When receipting PO lines, the receipt will be done at the PO distribution lines,
- If amounts in PO distribution lines are not rounded off, this will cause a potential error when completing the PO. Rounding off to the nearest dollar is suggested.

Although buyers can still process a PO with multiple projects, it may cause additional work for buyers. Therefore, we recommend buyers discuss with their Faculty or Divisional Finance team if a journal is a simpler option for transferring allocated costs to different projects.

9. How do we handle existing prepayments previously processed by AP?

Existing prepayments will continue to be handled under the old process. Vivian McCoy will continue to be the main contact in AP.

For further queries, please call Lisa Christie or Donna-Maree McIntosh on 53330 or via email financehelp@unsw.edu.au.