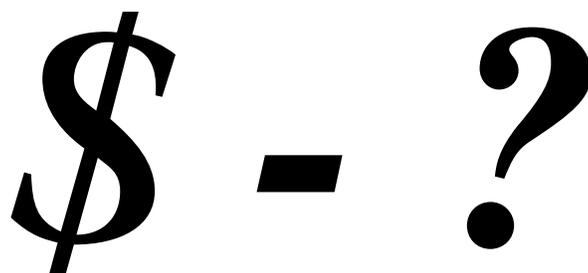


Financial Procedures



– A (hopefully!) useful guide for students, staff and researchers!

Department of Chemical Engineering and Applied Chemistry
University of Toronto

January 2019

WHO YOU NEED TO KNOW:

Director, Administration and Finance:
Arlene Smith, Room 217, 978-6204
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Financial Services Administrative Assistant:
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Payroll Administrator:
Julie Mendonça, Room 201C, 978-6615
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Manager, Purchasing and Building Services:
Phil Milczarek, Room 16A, 978-5504
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All of these people will be more than happy to help you. If you have any questions or problems, or just require help, please contact the relevant person.

All the forms referred to in this document can be found at:

<https://chem-eng.utoronto.ca/services/financial-and-administrative-services/financial-guides-and-forms/>

INTRODUCTION:

The University of Toronto, like many other organizations, has policies and procedures, which must be followed in the matter of spending money. As well, there are other guidelines (such as NSERC Research Award Guidelines), which must be taken into consideration when paying out money (especially regarding payment from research funds).

The University's Guide to Financial Management can be found on the UofT web-site <http://finance.utoronto.ca/policies/gfm/> and if printed, there would be enough paper to completely fill two large binders (3 inches thick). We also have other reference materials, such as the Payroll/Human Resources Manuals, HST Taxation of Payments Manual, Research Awards Guides, etc., which we must use and to follow. What we have attempted to do here is to summarize all the necessary information regarding potential financial transactions that may affect YOU, into as few pages as possible.

Note: in the spending of research grant and contract funds, the sponsor's guidelines and rules and regulations will always over-ride the University's policies.

This is just a general guide to the many complicated policies and procedures which we live by. If you have any questions about this information, ask the relevant person(s) for more information.

AUTHORIZATION/ACCOUNT NUMBERS:

All invoices, purchase orders, expense reimbursements, work orders, supplies chits, payroll instructions, etc., must be **authorized** by your Supervisor (or his designated signing authority – see below). In the case of research funds, the supervisor is usually the Principal Investigator (P.I.). Account information must also be provided. It is the P.I.'s responsibility to ensure that all transactions are authorized and that the proper fund numbers are assigned.

SIGNING AUTHORITY:

Signing authority can be delegated by the Principal Investigator, but it must be done in writing, and a copy of the written authorisation must be given to Arlene Smith for the files. When delegating signing authority, the following should be outlined:

- the name of the person getting the signing authority
- what the person can authorize - supplies chits, purchase orders, invoices, work orders
- limitations - dollar value, grants
- expiry date

Signing authority should not be for indefinite periods of time. Signing authority must be reviewed on an annual basis (July 1st of every year).

There is also a form available for this purpose on our web-site.

Please note: **signing authority cannot be delegated for expense reimbursements**. If the P.I. is not available to sign, only the Chair or his designate can sign them.

EXPENSE REIMBURSEMENT:

Instructions for Preparing Expense Claims for Reimbursement

The University of Toronto requires that claims for travel and associated expenses must be submitted via an expense reimbursement form with original receipts attached. Furthermore, all claimants must keep in mind that the most economical decisions should be taken into consideration when making arrangements.

Appointed UofT staff members must complete the expense reimbursement forms via the Expense Reimbursement Direct Deposit (ERDD) system (<http://aws.utoronto.ca/>). When using the ERDD system, the form must be printed, signed and authorized and all supporting documents attached.

All expense reimbursements should be completed and submitted within two weeks of the actual expenditures – whether they are for supplies or for travel.

Detailed receipt requirements for some of the most common reimbursable items are outlined below:

TRAVEL EXPENSES

Airfare & Train Fare (Economy Fare Only)

Original receipts are required to support air/rail travel. When claiming air/rail expenses, please note the following:

1. An original receipt must indicate the method of payment and the amount paid by the traveller (e.g. itinerary/receipt or ticket confirmation from the airline/railway),

AND

2. Proof that the air/rail travel took place.

Acceptable documentation to support an air/rail travel claim includes at least one of the following:

- a. A boarding pass (paper or print out of e-boarding pass)
- OR b. Hotel bill at the travel destination,
- OR c. Taxi/transit receipts to/from the destination airport/train station,
- OR d. Meal receipts from the travel destination,
- OR e. Certificate of conference attendance.

Airfare and train fare can also be purchased through Avenue Travel. When using Avenue Travel, payment for the fare can be made directly from the University. There is a form that can be downloaded and completed and authorized and submitted to Avenue Travel. This form will then be handed into the main office for retention in the financial records. When you return from your travel, you must bring back your boarding passes (proof of travel) to be attached to the authorization form. More information at <http://www.procurement.utoronto.ca/tools-templates-forms/travel-authorization>.

You can also use Avenue Travel to book hotel accommodations.

Use of Own Vehicle

Travel by personal vehicle will be reimbursed at \$0.54 CAD per km, with a maximum of 500 km in round-trip length.

An employee owned vehicle must be deemed the most economical form of transportation, e.g. kms will be reimbursed to a maximum of the cost of an economy-class train ticket. The allowance is intended to cover all automobile maintenance and expenses.

Please note that you must submit proof of kms for your trip, indicating starting point and destination location using printouts from Google Maps or MapQuest or equivalent.

Meals / Hospitality

Actual costs, or a per diem allowance, may be claimed for meals on a University of Toronto business related trip. The business purpose should be indicated on the expense claim. Only reasonable food and alcohol consumption is reimbursable. Note that some funding agencies do not allow alcohol at all, so reimbursement for alcohol will depend on where the funds are coming from.

Employees will be reimbursed for business related meals when dining with other employees on a business trip, conference, reward, recognition or other appropriate business purpose. In such cases, the most senior university employee attending should pay for the meal. The names of the individuals, or the group, in attendance must be indicated on the claim.

For restaurant receipts, please note the following:

- Receipts must show the itemized list of what you ordered, not just the total cost.
- A meal expense for yourself and at least one guest is considered a “hospitality” expense. For hospitality expenses, you must include on the receipt both:
 - (1) the purpose of the meeting, and
 - (2) note the names of the individuals in attendance.

Per diem rates:

Travel in Canada: \$55 Canadian per day

Breakdown: Breakfast \$11

Lunch \$17

Dinner \$27

Travel in U.S. and Overseas: \$75 Canadian per day

Breakdown: Breakfast \$15

Lunch \$22.50

Dinner \$37.50

You can use a combination of per diem and receipted meals, but you must provide a statement of what is being claimed on each specific day of the travel. If you claim the per diem method and there are meals on your hotel bill, the meals on the hotel bill must be deducted from the bill. You cannot claim a full day per diem rate if a meal component is included in the conference fees or if travel begins (or ends) in the middle of the day. For example, your flight leaves at 4 p.m. You cannot claim a full day’s per diem. In this instance, you can only claim for dinner. Another example, your flights arrives back home at 10 a.m. In this instance, you can only claim for breakfast.

Room Service/Hotel Restaurants: If you ordered room service, or ate in a hotel restaurant and charged the meal to your room, and this is included on your statement of guest charges, then each and every meal receipt showing the itemized list of what you ordered needs to accompany the reimbursement request. If the detailed room service receipts are not included, then a reimbursement cannot be provided. The hotel expenses and the meal expenses need to be separated and expensed in the separate areas of the expense reimbursement form.

Hotels

The standard for accommodation is a single room with a private bath in a business-class hotel. Use of luxury accommodation will not be reimbursed. The original receipt required is the detailed statement of guest charges (not just the credit card receipt).

If the accommodation is booked through a third party booking site (such as Expedia), then you must submit the order confirmation from the third party booking site showing the credit card payment and travel dates, including a statement of guest charges. If the third party booking site does not provide the statement of guest charges, then you must obtain these details directly from the hotel when you checkout and include them in your reimbursement request. Without the itemized details of guest charges, a reimbursement cannot be provided.

If you ordered room service, or ate in a hotel restaurant and charged the meal to your room, and this is included on your statement of guest charges, then each and every meal receipt showing the itemized list of what you ordered needs to accompany the reimbursement request. If the detailed room service receipts are not included, then a reimbursement cannot be provided. The accommodation and meal expenses are to be separated and expenses in the proper areas of the form.

If you book and pay for a hotel room in advance (for example, on-line through an agency like Expedia), you must ask the hotel for a detailed statement of guest charges. This will be attached to your expense reimbursement request.

Helpful Hints

- Only original receipts will be accepted, not photocopies!!!
- You must submit receipts, not invoices!!! The receipt must show that you actually paid, and not just that you have been asked to pay. You can only be reimbursed for actual out-of-pocket expenses.
- Debit and credit card transaction records are NOT RECEIPTS. They can be used to substantiate the total cost paid, for example, on a restaurant meal, where you included a tip, and there are a few exceptions (i.e., you usually only get one printed transaction record for a taxi ride).
- Please ensure that you complete the upper portion of the form. The Purpose and Relevance to University Business MUST be completed. Reimbursement requests that do not include this information will be sent back.
- Organize the receipts so that they are in the order as they appear in the reimbursement form. For example: Flight, accommodation, meals, etc.
- Please group all like-item receipts together on a sheet of regular-sized paper using tape (not staples). For example, all hotel receipts are grouped together, then all meals receipts are grouped together, and then all taxi receipts are grouped together, etc. Also, we scan all financial documents – please do not use highlight markers.
- In the case of foreign travel, where the language is not English, please indicate on the receipt what the expense is (e.g. train, meal, taxi, etc.).

- In the case where a purchase is made with a credit card and a conversion is needed, please include a copy of your credit card statement. If you prefer not to attach a copy of your credit card statement, the business office will use the University of Toronto conversion website. Please note, the conversion obtained from the UofT conversion system is usually slightly lower, and can result in you receiving less than you expected.
- If you are claiming meals and attending a conference, please include documentation from the conference that indicates meals were NOT included.

For more information and complete UofT policies and guidelines on travel and other reimbursable expenses, please visit: <http://www.finance.utoronto.ca/gtfm/travel/policy.htm>.

Cash Advances

In very rare instances, cash advances can be arranged for staff or students to travel but only for living expenses while away. Cash advances must be arranged for at least three weeks prior to travel. When the travel is completed, the cash advance must be settled as soon as possible after the travel (should be within one week upon your return). Cash advances are settled by completing an expense reimbursement form following the same procedures outlined above.

Cash advances will not be issued to pay for air fare, conference registration, or prepaid hotel expenses. You do not have to wait until after your travel to claim these expenses. You can submit an expense reimbursement claim prior to the travel and you must then bring back your boarding passes and any other receipts that might be required so they can be attached to the expense reimbursement.

American Express Travel Card

Full time academic staff members can apply for an American Express Travel Card, which can be used for University travel only. If you use the card, you still need to complete an expense reimbursement form to get the funds to pay the American Express bill. This account is not paid automatically by the University. The University will also not be responsible for interest charges on this account. For more information on the American Express Travel Card go to <http://www.procurement.utoronto.ca/programs-and-services/travel-services>

If you require any further information or clarification, or have any questions, please ask.

NON-TRAVEL EXPENSES

Hospitality

When claiming hospitality expenses for business entertainment or for internal special events, you must provide the following information:

1. The purpose of the expense.
2. The names of those who attended.

The University permits alcohol as a reimburseable expense for business entertainment with individuals who are not employees or students of the University and/or internal special events (holiday lunches or

parties, retirement gatherings and/or other special events) involving only University employees and students. Again, note that some granting agencies do not allow alcohol expenses.

Other Reimbursements

If you used your personal money to purchase university-related expenses (e.g., small supplies, lab supplies, copies, etc.), complete the expense reimbursement form. Be sure to complete the top section of the form. ALL original receipts must be attached. Debit and credit card transaction records ARE NOT receipts and will not be accepted.

Petty Cash

For purchases under \$30.00, we have a small petty cash fund. Receipts must be signed on the back by your supervisor and the account number to be charged written on the receipt. Petty cash is available from Arlene Smith in Room 217. Remember again the receipts must be originals - credit card or debit card transaction records will not be accepted.

PURCHASING:

Purchasing is probably one of the most problematic processes that we have. Purchase orders should be obtained when needed. As a general rule, orders over \$750.00 and all equipment and computer purchases should be done using a purchase order. Some companies will not send goods without an official purchase order. Blanket orders have been set up for suppliers that we use frequently, but these should only be used for basic supplies and for orders under \$750. Equipment should never be ordered on a blanket order. The blanket order enables you to contact the company at any time, and make your purchases directly from them. Packing slips for these orders will be signed by you (or the person picking up the order) and given to the financial officers and when the invoices arrive they can be matched with the packing slips and then processed for payment quickly.

Purchases over \$5,000 **must be ordered using an official U. of T. purchase order**. This P.O. is generated through the financial system.

For purchases from \$5,000 to \$25,000, two quotations should be provided with the requisition.

For purchases over \$25,000, three quotations **must be obtained**. If you do not attach three quotations, you **must** attach a completed and signed Non-Competitive Procurement justification form. P.O.'s over \$25,000 are created by the University's Procurement Services Department. All pertinent information must be submitted to them before they will create a P.O.

For purchases over \$100,000 please Phil Milczarek in Room 16.

If you need to have a purchase order created (either departmental or U. of T.), complete a purchase requisition form, get it authorized by your supervisor (the principal investigator) and then hand it in to Phil Milczarek in Room 16 for processing. If the purchase order is over \$5,000, the Chair of the Department must also sign the requisition. It speeds things up if you get that signature before giving it to Phil.

Again, all purchases need to be authorized properly or they will not be processed.

Purchasing Cards

Some staff members and students have purchasing cards. It is a very quick, convenient way to purchase goods and services, but it also has its drawbacks. The holder of the Purchasing Card must keep all receipts, packing slips, order forms, etc. These are to be attached to their monthly statements. The statements are then authorised (by your immediate supervisor or P.I.) and handed in to the main office for review and filing. This must be done within two weeks of receiving the statement.

A purchasing card is also assigned to one specific fund (or account). All purchases will be taken out of that specific fund as they occur. In the cases where a staff member has multiple funds, transferring charges around is quite cumbersome. The charge has to be located within the account, a debit memo prepared and then the charge manually transferred. While the purchasing card is quick and easy for you, it creates quite a lot of work for the person who needs to do the transfers. It would be simpler to use a blanket order (if possible) and have the invoice paid for out of the proper account at the beginning, instead of transferring funds around after the fact, especially if it is a vendor that you use frequently. In those cases, it is much simpler to use a blanket order.

Purchasing cards should not be used to purchase equipment and computers. All equipment orders should be ordered with a purchase requisition and purchase order. This is so that accurate records of inventory and University assets can be maintained.

If you have a purchasing card, it is your responsibility to keep all the packing slips and copies of invoices and any other back-up material (i.e., purchase requisition forms, web-site order forms, etc.) to be attached to the statement on a monthly basis. Statements (complete with all receipts and other supporting material attached) must be handed into Arlene Smith no more than ten days after receiving the statement.

FAILURE TO TURN IN YOUR STATEMENTS WITH DOCUMENTATION ATTACHED WILL RESULT IN CANCELLATION OF YOUR CARD.

Use of the purchasing card does not eliminate the need for authorisation. We must still follow all the policies and procedures regarding purchases and purchasing. All statements must be approved and authorized by your supervisor (P.I.). Have your supervisor sign the front of the statement before handing it in.

There are limitations to what the purchasing card can be used for. In some cases, merchants are blocked by MasterCard and the University. When you try to purchase something from a blocked company, the charges will be rejected (with no explanation as to why). Purchasing cards must not be used to purchase **chemicals or gases or anything else that may be considered hazardous**, even though those suppliers may not be blocked.

The following cannot be purchased with a UofT MasterCard:

- Any personal or private purchases
- Maintenance contracts
- Radioactive materials
- Hazardous materials (includes gases, chemicals, radioactives, biohazards, etc.)
- Laboratory and research animals

- Extended rentals or leasing of equipment
- Services provided through Facilities & Services work orders
- Temporary help
- Single line items valued at over \$5,000
- Equipment
- Cash Advances
- Travel Related Expenses (transportation, accommodation and meals)
- Food and beverage expenses (restaurants, fast food outlets, alcoholic beverage stores, food and beverage dispensers, and all other food and beverage purchases).
- Financial instruments of any kind (money orders, bank drafts)

Gas purchases must be made through Phil Milczarek **only**. There are administrative procedures that must take place with the purchase.

If you wish to apply for a University of Toronto purchasing card, please see Arlene Smith.

SUPPLIES/WORK ORDERS/FACILITIES AND SERVICES

Phil Milczarek in Room 16 keeps on hand, a certain amount of regularly used supplies (office and laboratory supplies, gases). If you are getting something from the storeroom downstairs, a supplies chit must be completed (and authorized with accounting information). Please use the supplies chits to order gases.

All work orders must be completed and authorized with complete accounting information provided. This will also be true if you arrange for work to be done in other Departments.

Facilities and Services orders also go through Phil Milczarek. Again, you must provide authorization and complete accounting information.

PAYROLL:

For anyone paid through this Department, the following documentation must be completed by both staff and students.

- Personnel Information Form
- [Payroll Bank Authorization Form](#)
- [TD1 Federal Personal Tax Credits Return Form](#)
- [TD1 Ontario Personal Tax Credits Return Form](#)

Should there be a change of address or banking information, this must be updated immediately to avoid misdirected pay stubs and/or payments. **NOTE: Students updating a change of address through ROSI must also that the same information updated in HRIS (the Payroll System). These two systems are not linked.**

There is always a monthly deadline date for payroll information to be updated - usually around the 20th of each month. If you need to make any changes to your information, and it is not done by the payroll deadline date, it could affect your receiving your pay on time.

For more information on the above or any questions relating to your appointment or payroll, contact Julie Mendonça in Room 201C.

Appendix A – Expense Reimbursement Checklist

The following two pages are the University's Expense Reimbursement Checklist.

It provides a summary of the basic requirements for reimbursement for the purpose of travel for university business.

Appendix B

Harmonized Sales Tax (HST)

We pay HST on all items we use in the Department, whether they are purchased in Canada or from a foreign supplier. HST is usually paid for items ordered through foreign suppliers, during the customs clearance process. Our customs broker, Kuehne and Nagel, pays the HST on our behalf and then they bill us for their service and the HST. In some cases, US suppliers are authorized to collect HST.

We also do not pay the full 13%. We pay a reduced HST rate, but that is not visible to the supplier. The supplier will charge us (and receive) the full 13%. When the payment comes out of the accounts, it is only charged at 3.41%.

Zero-rated Purchases

The following are examples of purchases taxed at the rate of zero. Therefore, the seller (the supplier / vendor to the University) is not required to collect **HST** on these sales.

- prescription drugs
- medical devices
- basic groceries other than alcohol, snack foods, sweetened baked goods, restaurant meals and take-out foods
- agricultural and fishing supplies including:
 - fresh fish and other marine animals for human consumption livestock,
 - poultry, raw wool and certain agricultural produce
 - certain machinery and equipment designed for farmers or fishermen
- exports of goods and services
- international passenger travel services
- international freight transportation services
- supplies made to international organizations and officials including diplomats and member of visiting armed forces
- certain financial services
- initial sales or importations of precious metals

Exempt Purchases

The following are examples of purchases exempt from **HST**:

- goods and services provided by small suppliers
- health care, child care and legal aid services
- educational services provided by elementary and secondary schools, publicly funded colleges and universities, and private secretarial schools and business colleges
- a broad range of supplies of a non-commercial nature by charities, non-profit organizations, municipalities, and federal and provincial governments
- sales of used residential housing and rentals of residential premises
- most domestic financial services
- certain intra-group financial services
- ferry, road and bridge tolls