

## Wire Transfer Instructions for Fiscal Officers

A new purchase order payment term, **Wire Transfer**, has been created for use on purchase orders that are intended to be paid via wire transfer. **Wire Transfer** processing is recommended by Treasury Operations over foreign draft (check) in all cases for reasons of security and efficiency when paying a foreign supplier.

The **Wire Transfer** Payment term should ONLY be used when a payment to a vendor will be made via Wire Transfer. Accounts Payable will initiate a separate Wire Transfer DV document through KFS for the actual payment.

At the end of each month, Purchasing will run a report listing all of the POs with this payment term, and their associated DV documents. The POs will be amended to disencumber funds equal to the amount of the Wire Transfer DVs processed.

This process was developed in response to Fiscal Officers' requests for the PO encumbrance to be relieved in a timely and systematic way. Purchasing will monitor those POs with **Wire Transfer** payment terms and close the POs once it is fully disencumbered.

### FAQ's

- Q. *What should departments do about existing POs?*
- A. Departments can request Purchasing to amend the POs to have the Wire Transfer payment term, which will trigger their inclusion in this process.
- Q. *When is the first month that Purchasing will start running the report and processing amendments? Who should be contacted if there are questions?*
- A. At the end of February 2015. Questions should go to [purhelp@iu.edu](mailto:purhelp@iu.edu).
- Q. *The fiscal officer does not need to approve the PO amendment since the FO and Treasury have already approved the DV. Will Purchasing add notes on the PO when the encumbrance is reduced, or will the FO receive an FYI?*
- A. Yes, the system requires Purchasing to add a note when completing an amendment. The exact language of the note is yet to be determined, but it will be standardized. Fiscal Officers receive FYI's when amendments are completed that produce General Ledger Pending Entries.
- Q. *When Purchasing runs the report for the first time at the end of February, will they run it for one fiscal period only (February), not going back to when the PO was opened or to the beginning of the fiscal year?*
- A. Purchasing will reduce the outstanding encumbrance to the original PO amount minus the total paid on any related DVs. Therefore, if no manual reductions have been made, the first amendment will catch up on all prior activity.

Q. *How does the new process make the connection between the PO and the DV transaction?*

A. The report depends on the DV document description field convention, which must be: Wire T POxxxxxxx (case sensitive; no space between PO and the digits). AP has a strong record of accuracy in the DV description field since the convention was adopted; however, the FO should review that field in the DV and question any discrepancies from convention. In the case that an error is identified, the DV will need to be cancelled and reprocessed to correct the description field. Please notify AP prior to cancelling a document.

Q. *What are the limitations of the automated system?*

A. We have identified two known limitations in testing this month.

First, the report will not capture instances of returned wire transfer and reissue. Treasury processes returned wire transfers as advance deposit in KFS, and the programming does not have a way of capturing that transaction to credit it to the encumbrance total. Nor can the report identify the reissue DV as a duplicate payment. If you are working with a vendor or country where you have some expectation of wire transfer failures, we do not recommend that you utilize the automated Wire Transfer payment term encumbrance reduction procedure.

Second, the report will not adjust the total amount of the PO if amendments adding funds are implemented after reductions in the encumbrance have been made. The report simply picks up the highest PO authorized amount. We do not recommend that you utilize the automated Wire Transfer payment term encumbrance reduction procedure for multi-year POs that are anticipated to have increase funds amendments.

Q. *What if I don't select Wire Transfer as the payment term, even if it is an international vendor where I know payments will be made by wire transfer – will this be confusing to AP?*

A. No, it is fine to opt out of the automated encumbrance reduction process by leaving payment term at Net 30. AP will process payment based on what appears on the face of the invoice – their business process does not rely on the payment term field.