Policy

Department of Finance

Effective Date: August 13, 2010
Previous Date: May 1, 2010

Re: Accounts Payable

Policy

Finance shall develop and administer an appropriate system for the administration of University payables, including recognition of commitments, encumbrance of obligations, recordation of expenses and liabilities, and the disbursement of funds. The system shall be effective in the facilitation of business affairs, and safeguard University assets.

Personnel involved in the process, planning, control and approval of accounts payable transactions will maintain the highest levels of integrity and transparency. Personnel are required to behave ethically, report and avoid conflicts of interest, and to maintain professionalism at all times.

Background

The University, in the conduct of business, regularly purchases goods and services from outside sources. The goods and services are to be purchased through a system that includes reviews and approvals. The process should ensure integrity, promote effectiveness and efficiency, and should be appropriate for the time and condition of the particular situation. There must be sufficient controls to ensure compliance with external fund requirements. There must be sufficient controls to protect the assets of the University.

All requests for disbursements must be reviewed and approved at multiple levels to ensure that all funds, external and institutional, are safeguarded. The disbursement of external funds must comply with all of the rules and regulations that apply to those specific program funds. All disbursements of external funds must meet the general requirements of allowability, allocability and reasonableness. Included in the requirements are that the expenditures are appropriate to the period of performance, that the goods and services purchased are of value to the program, that the costs incurred are reasonable, and that the process of securing the goods and services conform to quality procurement standards. Disbursements of institutional funds must meet similar standards of allowability, allocability, and reasonableness. Disbursements of institutional funds must meet all of the requirements that relate to those units and accounts.
Re:  Payment for Goods and Services - Purchase Orders

Standard

All requests must be submitted to the Procurement Office on a Purchase Requisition form containing the appropriate authorized signatures. Purchase Orders (PO) are generated after requisitions have been approved and processed.

Background

Equipment, supplies, materials, services and lease commitments must be secured by a PO. Only the Procurement Department can authorize commitment of University funds for purchases. Please refer to the Procurement Department Manual for information on purchasing procedures.

Procedure

1. After a PO is generated, it is forwarded to the Accounts Payable Department, for matching to invoices and shipping documents.
2. The Accounts Payable Department holds open POs until the related invoice is received.
3. The invoice is matched to the PO to compare the items received and unit cost. If the items ordered are not as stated on the original PO, the accounts payable staff obtains justification for the variances, and makes notations on the invoice regarding the findings. When all discrepancies are resolved the data is input into the IS system for payment.

Responsibilities

1. The program or department is responsible for approving the Purchase Requisition.
2. Purchase department is responsible for approving the PO.
3. Accounts Payable is responsible for processing payment.

References

Administration
Procurement
Re: Payment for Goods and Services—Check Requests

Standard

Check requests (CR) shall be used for travel advances, miscellaneous reimbursements, petty cash reimbursements, purchases under $500, and other expenses that do not require a Purchase Requisition form.

Background

Check requests are normally used for small purchases and for reimbursement of transactions that have already occurred.

Procedure

1. All CRs will be reviewed by accounting staff to ensure that support documentation is adequate and forwarded to the accounts payable department for payment.
2. Check requests must be approved by Office of Sponsored Programs, or designee, for grant expenses.
3. All CRs must be approved by the department administrator and the account manager.
4. All CRs must include original receipts and invoices.
5. After the review is complete, the request will be input into the IS system for payment.
6. After a check has been generated, a copy of the check request is forwarded to the originator with the check number.
7. The CR is then filed in the Accounts Payable Department files.

Responsibilities

1. Program or department approves transactions.
2. Office of Sponsored Programs reviews and approves all grant and contract related check requests.
3. Finance process payments. Grant accounting reviews and approves. Accounts payable reviews and processes.

References

Administration
Finance
Office of Sponsored Programs

09-02-01
Re: Honoraria

Standard

In general, honoraria are paid to persons of scholarly or professional standing in conjunction with an academic activity.

Background

Honorarium payments generally are not allowable charges to Federal funds unless a contract or grant specifically authorizes such payments. Payments for conducting seminars and workshops and for giving special lectures may be allowable charges to certain Federal contracts and grants if it can be established that such a service benefits a project. Honorarium payments should be specified as direct cost items at the time a contract or grant proposal is prepared. Honorarium payments may be made for the following types of activities:

1. Special lecture, short lecture series, concert, or other creative activity
2. Guest speaker or panelist in a seminar or workshop, provided such services are furnished on a short-term basis
3. Speaking engagement
4. Appraisal of a manuscript for the University Press or an article submitted to a professional publication

Procedure

1. Program or department administrator approves request.
2. Office of Sponsored Programs reviews and approves.
3. Finance verifies and processes for payment.

Responsibilities

1. Program or department administrator approves request.
2. Office of Sponsored Programs reviews.
3. Finance verifies information, allow ability, and processes for payment.

References

Administration
Human Resources
Office of Sponsored Programs

09-03-01
Re: Consultants

Standard

The University, in the conduct of business, regularly requires services to be performed that are outside the scope of its employees’ regular duties. The services are to be purchased through a review and approval process that ensures integrity, cost effectiveness, and timeliness.

Background

The terms used in this section are defined as follows:

1. Consultant/Independent Contractor - an individual or organization of professional or technical competence outside the University that provides primarily professional or technical advice or service to the University in an independent contractor relationship.
2. Consultant/Independent Contractor relationship - exists when the University has the right to control only the result of the service, but not the manner of performance.
3. Employer-Employee relationship - exists when the University has the right to supervise and control the manner of performance as well as the result of the service. When a relationship of this kind exists, the individual must be employed in the regular manner through the Department of Human Resources.
4. Executive Staff - the President, Vice Presidents, Deans and other senior administrators.

Procedure

1. Organizations or individuals that are not employees, may, in accordance with Internal Revenue Service (IRS) regulations, be retained as independent consultants or contractors.
2. Arrangements to secure the services of a consultant/independent contractor may be entered into only when it is determined that the services are urgent, specialized or highly technical, and cannot be performed economically or satisfactorily by existing University staff during the course of their normal responsibilities or duties.
3. When the Human Resources Department determines that a proposed contractor/independent contractor agreement may result in an employer-employee relationship, the proposed agreement will not be approved.
4. A contractor/independent contractor shall not hire a University employee to perform services covered by the agreement. If the work is to be performed in connection with a federal, state or county grant or contract, the independent consultant/contractor may not have an employee of either the University or the grantor perform any service covered by the agreement.
5. University employees may not be appointed as a consultant/independent contractor for any University department, program, project, or activity.
6. The services of a consultant/contractor shall not entitle the “person or organization to credit other than as a "consultant/contractor” in any published report or other document(s).
7. Violation of this policy will result in appropriate discipline, up to and including termination from the University.
8. The agreement between the University and the consultant/contractor shall be executed on a Personal Services Agreement.

Responsibilities

1. The program, project or department manager is responsible for identifying the need, assuring the availability of funding for the proposed services, certifying qualifications of the consultant/contractor, preparing appropriate documents, monitoring the services performed, and certifying invoices for payment.
2. The Human Resources Department determines the appropriateness of proposed consultant/independent contractor relationships, in accordance with IRS regulations.
3. The Procurement Department generates Personal Services Agreements and maintains original agreements.
4. Only designated executive staff is authorized to execute Personal Services Agreements on behalf of the University. See Contract Review and Approval Policy.
5. The accounts payable staff is responsible for ensuring that requests for payments to consultants are in compliance with University policy.
6. The Consultant/contractor submits invoices to requesting official.
7. The requesting official approves invoice and forwards to Accounts Payable office along with a Check Request.
8. Chief Financial Officer makes appropriate reports to the Board committee.
9. The Department of Finance prepares annual IRS Tax Form 1099.

References

Administration
Human Resources
Re: Check Delivery and Filing

Standard

Accounts Payable will log into the Check Register the date a check was mailed or picked up and the date disbursed. If a check is picked up, the individual picking up the check must show identification, and sign for pick up of the check.

Background

Procedure

1. The complete invoice package will be filed in the vendor files in the Accounts Payable Department.
2. No check will be distributed to anyone other than payee, unless special arrangements have been made, i.e., written request from payee.

Responsibilities

References

Administration
Finance

09-05-01
Standard

Finance: Accounts Payable

Effective Date: August 13, 2010
Previous Date: May 1, 2002

Re: Lost Checks/Stop Payments/Void Checks

Standard

Replacement checks shall not be issued before a written verification of stop payment is received from the bank.

Background

Procedure

1. Lost checks should be reported to the Accounts Payable Department. The Cash Management staff will notify the bank if a check is reported stolen or missing. If a replacement check is to be issued, a written verification of stop payment from the bank before issuing the replacement check is required.
2. If the check is to be reissued, the original is to be voided in the system, and a replacement check is to be issued through the accounts payable system.
3. If the check is not to be reissued, the original is to be voided in the system.

Responsibilities

Accounts Payable
Cash Management

References

Administration

09-06-01
Re: 1099 Reporting and Distribution

Standard

All requests for payment of services rendered must include a name, social security or tax identification number, and an address for processing. University employees may receive payment for services through the accounts payable system if the services performed meet IRS guidelines. All payments for services rendered shall be noted in the IS system. 1099s must be issued by January 31st of each year.

Background

The Internal Revenue Code requires that Form 1099 be filed for certain payments. A reportable payee is an individual, combination of individuals, sole proprietorship, partnership, or trust.

Procedure

Examples of items to be reported on Form 1099 are as follows:

1. Royalties
2. Rents except those paid to a real estate agent
3. Services, including parts and materials used in performing the service
4. Prizes and awards
5. Other income payments
6. Deceased employee's accrued wages, vacation pay, or other compensation paid after the date of death to the estate or to a beneficiary
7. Payments made to independent contractors/consultants
8. Directors' fees and other remuneration, including payments made after retirement
9. Expenses of consultants, honoraria, participants, and guests which have no receipts; but for which receipts are normally required, i.e., airfare, lodging, rental car, parking, etc.

Responsibilities

Finance prepares and distributes 1099 forms.

References

09-07-01