Accounts Payable Policy & Procedure Manual

A Reference Guide for Check Requests:
Order for Checks
Personal Expense Vouchers
Purchase Order Payments

Revised: March 2005

Table of Contents **Page**

This manual is created by Financial Accounting Services to aid the University community with their check requests and payments of Purchase Orders. The Accounts Payable Policy Statement and accompanying procedures are effective as of March 2003. Please reference this manual for any Accounts Payable questions, and use as a training guide for new and current employees.

ACCOUNTS PAYABLE POLICY STATEMENT

The following procedures relate to the processing of an Order for Check, a Personal Expense Voucher and a Purchase Order payment in order for a disbursement to be issued from Accounts Payable. The University of Hartford promotes effective controls to ensure the protection of University assets, accurate financial reporting and efficient use of University resources. Relating to requests for disbursements to suppliers, faculty and staff, the specific control requirements and operating practices that must be followed are identified in each applicable Procedure Statement.

General Notes –

What are the common problems leading to a denied check request?

- Non-sufficient funds. Please be sure to check your available funds on-line prior to submitting check requests. {**FZIBDUH & FGIBAVL**}

- Insufficient documentation. Please provide documentation that fully explains and supports the expenditure(s). Be sure to include copies of contract if paying entertainers or athletes. **Original** invoices & receipts.

- Signing your own Personal Expense Voucher (PEV) Form. Authorized supervision must approve all PEV form requests, regardless of the requestor's managerial level.

- Students may not sign off on OFC's or PEV's.

- Not including a copy of your personal check for out-of-pocket expenses when a receipt is not obtained. You must include a copy (front and back) of your personal check used for out-of-pocket expenses as well as original receipts.

- Independent contractor with no W-9 form on file. All individuals who perform a service or deliver goods for the benefit of the University must receive a tax statement 1099 at the end of each calendar year. Please be sure the vendor, lecturer, consultant, etc., have filled out a W-9 form and are aware they will be receiving a 1099 at the end of the year from Accounting. http://www.irs.gov/pub/irs-pdf/fw9.pdf

- Incomplete explanations supporting the reason for the disbursement(s). Please provide a satisfactory explanation as to the business nature of each expense so that an auditor can easily determine the business rationale for disbursing University funds.

- Using a non-approved University of Hartford vendor, example: Staples.

What are some general items I should be aware of?

- Mileage Rate – The University reimburses mileage for use on your personal car at the current rate of **40 1/2 cents per mile** [effective January 1, 2005], in accordance with federal guidelines. Rental cars are excluded from mileage reimbursement.

- Using certain vendors for certain goods – Please use the following vendors for the following goods and services:
    - Food - ARAMARK
    - Office Supplies - Hartford Office Supply

- Using a non-approved University of Hartford Vendor: Example: Staples.

- Taxes – The University is tax-exempt and therefore is not required to pay sales tax. Please do not make personal expenses for goods or services that should be purchased through the use of a Purchase Order. It is University policy not to reimburse an employee for sales tax expenses incurred as part of a purchase.

- Independent contractor expenditures must be pursued through the University's Purchase Order process. The contractor and appropriate University manager/department head requesting the services must sign a contract prior to the work beginning. The contract must include appropriate terms and conditions that protect the University.

- For payment to University of Hartford employees as outside consultants, please call Financial Accounting X4549 in advance of committing to such an arrangement to ensure that the employee, should he/she be awarded the work, is paid properly according the IRS regulations.

- Payment to suppliers where legal contracts are required – Please ensure that an applicable <u>University</u> contractual arrangement is signed by the supplier and authorized University employee before obligating the University for the work to be performed. Accounts Payable will **not** process a request for disbursement unless both parties to the contract sign the contractual arrangement, completed in advance of the start of the designated work.

  Should the required work circumstances require a unique contractual arrangement not already in effect, then the University's General Counsel must approve that contractual arrangement.

- The University of Hartford is required to withhold a **5% Connecticut income tax** [effective July 1, 2003] on payments made to non-Connecticut resident non-employee professional athletes or entertainers who will earn at least $1,000 in a calendar year. Professional athletes include but are not limited to a wrestler, boxer, golfer, tennis player, or other athlete as well as a referee or trainer. Performers include but are not limited to an actor, singer, musician, dancer, circus performer, comedian, public speaker, as well as a writer, director, set designer, or member of a sound or light crew.

  Athletes and performers may request reduced withholding rates or waivers from the State of Connecticut Department of Revenue Services ("DRS"). To do so, the athlete or performer must submit **Form CT-588** Athlete or Entertainer Request for Reduced Withholding or **Form CT-590** Athlete or Entertainer Request for Waiver of Withholding (if applicable) to the DRS at least 14 days before the date on which payment will be made for the performance. The DRS will issue Form CT-595 Notice to Designated Withholding Agent to authorize a reduced withholding rate, a waiver or to deny the request. The University requires Form CT-595 prior to making payment to the performer in order to avoid the 5.0% tax. Performers who do not provide this form will have 5.0% deducted for the Connecticut tax from their contracted amount.

  Athlete or Entertainer Request for Reduced Withholding:
  http://www.ct.gov/drs/cwp/view.asp?a=1427&q=265056

If unsure with your check request, please call Accounts Payable at X4767 with any questions you may have before initiating paperwork.

Procedure AP 1.0 - Order for Check

What is the Order for Check form used for?

Generally, it is used for expenditures to vendors that cannot be accommodated through the use of a Purchase Order. These include:

- Dues-Memberships
- Subscriptions, Manuals, Magazines
- Travel Advances (cash advances)

What is the Order for Check form **NOT** used for?

- Payroll items, even temporary workers. All payroll items should be processed through the Payroll office. If you are not sure if someone is an employee or not, please call Financial Accounting prior to initiating paperwork.

- Major expenses. These include computers, printers, office furniture, or any other tangible goods that must use the Purchase Order process.

- Reimbursement of out-of-pocket miscellaneous expenses for University business purposes. Please use the Personal Expense Voucher (PEV) form.

- Reimbursement of expenditures relating to a business trip. Please use the Personal Expense Voucher (PEV) form. (Link to PEV here from forms page) http://ned.hartford.edu/forms/FINANCE-pev.xls

- Any equipment/furniture over $1,000.

Control Requirements -
What do I need to do to prepare an Order for Check form?

The Order for Check Form is fairly self-explanatory. However, there are a number of things to keep in mind. They are:

The employee's main responsibility is to always verify in advance that there are sufficient funds in the accounting distribution that you wish to charge – please use BANNER form FZIBDUH to view your budget – feel free to telephone Accounting if you need an explanation of this BANNER form. **All check requests with insufficient funds will be denied, and returned to the check requestor.**

Typical controls to be adhered to include, but are not limited to, providing sufficient business reasons for the intended expenditure(s) and appropriate supporting documentation, accurate account distribution and appropriate supervisory approval.

Specifically for Consultant Services and Professional Services performed by individuals, please ensure you contact Purchasing to obtain applicable University contracts that specify the contractual agreements being entered into as well as specific terms and conditions that protect the University. These contracts, signed by both parties to the contractual arrangement, are necessary supporting documents in order for the check to be processed.

Control Requirements -
<u>How do we fill out the Order for Check Form?</u>

A. Department name making the check request.

B. Proper name of person requesting the disbursement and filling out the form with that person's on-campus extension.

C. Date of the request. **ASAP is not an acceptable date.**

D. Explanation for Payment – describe the nature of the check request as accurately and specific as possible. **Note: Your explanation must include specific mention of the exact dates and business nature of the expenditure. Insufficient explanations will be returned to the requestor (Who, what, where and when).**

E. Distribution – select whether you would like your check mailed directly to the vendor or mailed to you inter-campus. Please provide an inter-campus envelope.

F. For cash advances, you must come to the Accounting Department to personally pick-up and sign for you cash advance check. Please be sure you have entered an on-campus extension to be notified that your cash advance is ready.

G. Special Instructions to Accounts Payable – use this space to inform AP, or the check disburser, of any specific instructions. For example, please mail 2 (two) copies of the invoice with the check per the vendor's policy; or, cut a separate check for this 1 (one) Order for Check (normally all requests for the same vendor are consolidated into one check.)

H. Vendor # or Social Security # - The social security number is mandatory for all individuals or individual contractors. Note: A signed W-9 Tax Form must be on file with AP for payment of individual contractors. Insert Web-page here http://www.irs.gov/pub/irs-fill/fw9.pdf. Please provide BANNER Vendor #, if known.

I. Vendor Name – name of vendor as it should appear on the check.

J. Street Address – complete address as it should appear on the check.

K. Total Amount of Check - sum of all accounting distributions.

L. Fund or Org.

M. Account – use an account number that corresponds to the type of transaction; i.e. contracted services is 62600 – to see a list use FTVACCT and perform a query or see list of popular account codes in this manual.

N. Amount – amount per account used, possible to break up the total amount using several accounting distributions.

O. Approved by – obtain the <u>authorized signature</u> of the employee responsible for the accounting distributions used and the amount of the disbursement requested; also please date the approval.

Accounts Payable Department Responsibility

1. Checks are cut every Monday and Thursday evenings. We need at least five full business days to process OFC's, PEV's and PO's.,

2. For mailed checks, **please include a copy of any original documentation that you would like enclosed with the check** (i.e. membership application, invoice, etc.). We need the copy so the Accounting office can keep a copy for our records.

The Order for Check Form

This form is to be used to request payment for items which require a check to be sent with an order (in place of a Purchase Order), to pay for services to independent contractors, or for travel advances to University employees. Please type or print neatly, attach appropriate documentation, keep a copy for your records, and send the original to Accounts Payable for processing.

Please provide 1 copy and 1 original of any documentation which needs to be enclosed with check

Department Name

Your Name Phone #

Date Requested Date Needed

Explanation for Payment: (Must be completed)

Please Check One of the Following:

Mail Directly to Vendor

Hold for Pick - Up Phone #

Special Instructions to Accounts Payable:

Supervisor's Name (Please Print)

Departmental Authorization Date

Vendor # or Social Security #

Vendor Name

Street Address

City

State Zip Code

$0.00

Total Amount of Check

Accounting Distribution		
Fund / Org	Account	Amount

For Accounts Payable Use Only:

1099 Vendor Yes No

Banner Invoice #

Approved By Date

Procedure AP 2.0 - Personal Expense Voucher

What is a Personal Expense Voucher (PEV) Form used for?

- Expenses incurred during the course of traveling, i.e. meals, lodging, tolls, etc.
- Minor purchases made by University personnel that should not be processed by Purchase Orders or Blanket Purchase Orders.

What is a PEV Form NOT used for?

- Major expenses, such as printers, computers, fixed assets of single items in excess of $1,000 or payment to independent contractors and consultants.
- Taxable items – please be aware that the university will not reimburse for any sales tax incurred – we are a tax-exempt University

Control Requirements -
What do I need to do to prepare a PEV Form?

As with the Order for Check form, the PEV is fairly straightforward. However, please consider the following things when preparing a PEV form:

The employee's main responsibility is to always verify in advance that there are sufficient funds in the accounting distribution that you wish to charge – please use BANNER form FZIBDUH to view your budget – feel free to telephone Accounting if you need an explanation of this BANNER form. **All check requests with insufficient funds will be denied, and returned to the check requestor.**

Typical controls to be adhered to include, but are not limited to, providing detailed explanation of both the business reason and explanation of individual expenditure(s) within the event(s). You must also provide appropriate supporting documentation for each expenditure, accurate account distribution and appropriate supervisory approval.

Control Requirements -
How do we fill out the PEV Form? (See sample form)

A. Proper Name of employee requesting reimbursement.

B. Social Security Number of requestor.

C. Department

D. Inter-Campus Address – all PEV checks will be mailed to your on-campus department address, unless stated otherwise in part Q.

E. Event – please be as exact and detailed as possible, identifying each and every business purpose relating to the expenditures listed under the "Explanation of Expense" in part I.

F. Dates – date(s) of your event(s).

G. Date – date of oldest expense – please list all expenses in chronological order for clarity

H. Total Miles – number of roundtrip miles traveled by personal automobile.

I. Explanation of Expenses – detailed explanation of the business nature of the expenditure. Attach original receipts for each expenditure to this form.

J. Amount – dollar amount of expense incurred.

K. Total Expenses – sum of all expenses

L. Less Cash Advance Check # - if this form is being used for a reconciliation of a cash advance, please reference the check number and amount previously received relating to the business event(s) in order to properly liquidate your cash advance.

M. Balance owed to me or to the University – Total Expenses less cash advance check amount – if a positive number, it is owed to you; if a negative number, you owe the University. Please deposit any money owed to the University to accounting distribution 101000-21650 using code 1TRV at the Bursar's window - attach a receipt of that deposit to the PEV form. We do not accept cash in the accounting Department, please process your deposit.

N. Fund or Org.

O. Account – use an account number which corresponds to the type of transaction, i.e. travel account is 61500 – to see a list use form FTVACCT and perform a query or see list of popular accounts in this manual.

P. Amount – amount per account used; it is possible to break up the total amount using several accounting distributions.

Q. Distribution –Your PEV will be sent to your on-campus department address.

R. Please Sign – Upon completion of A-Q, please sign your PEV form in ink.

S. Supervisor's Signature – obtain your direct supervisor's original signature in ink. You cannot sign for your own personal expenses (PEV).

T. Date – date that the supervisor signs the PEV form.

<u>Accounts Payable Department Responsibility</u>

1. Checks are cut every Monday and Thursday evenings. Please provide FAS at least one weeks to process once the PEV arrives at FAS.

The Personal Expense Voucher Form

This form is to be used to reimburse University of Hartford employees for approved expenses.

Name ______________________ Event ______________________

Social Security # ______________________ ______________________

Department ______________________ Dates ______________________

Inter-Campus Address ______________________ Please Sign ______________________

Date	Total Miles (For Mileage Reimbursement only)	Explanation of Expense Attach ORIGINAL receipts for EACH expense	Amount

Accounting Distribution		
Fund / Org	Account	Amount

Total Expenses ____ $0.00

Cash Advance Check # ____ ____

Due to Employee / (Due to University) ____ $0.00

PEV # (must be unique) ____

***** **Please Check One of the Following** *****

Send check to me via INTER-CAMPUS MAIL ☐

Call me, I will PICK-UP my check ☐ Ext# ____

Supervisor's Name (Please Print) ______________________

Supervisor's Signature ______________________ Date ______

Accounts Payable ______________________ Date Banner Invoice # ______

Procedure AP 3.0 - Purchase Order Payments

Prior to initiating any purchasing transaction or determining whether your transaction actually requires Purchasing Department involvement, contact the Purchasing Department or refer to their website. http://uhaweb.hartford.edu/purchase/

What are proper procedures regarding Purchase Order payments?

1. Vendors have been instructed, via the Purchase Order, to mail all invoices to Accounts Payable. Therefore, unless other arrangements were made, you should not receive an invoice for your purchase. However, if you do, please forward the original invoice to Accounts Payable for payment processing.

2. Accounts Payable will not pay any invoice until the department making the purchase has approved payment. The department copy of the Purchase Order should be e-mailed or mailed to Accounts Payable with the message "OK to pay". The e-mail address to do so is: acctspay@hartford.edu

3. If the goods or services were received in a damaged or defective state or were not received to your satisfaction, do not approve payment. Promptly contact the vendor to resolve the issue. If further assistance is required, contact Purchasing.

4. If you've lost your PO or have any special circumstances regarding your PO, please call Accounts Payable to communicate your situation so that it may be handled quickly and efficiently.