

Accounts Payable Policies & Guidelines

Updated July 2014

The following outlines all of the policies and guidelines for the Accounts Payable function at Mount Saint Joseph University. The **policies** dictate the rules and procedures for purchasing, reimbursement, credit card use, stipends, and cash advances. The **guidelines** are here to communicate the preferred method of completing your transaction.

Background

The following policies and procedures for making purchases were created in order to comply with IRS guidelines as well as internal control procedures created to ensure the financial statements of the University are kept in accordance with Generally Accepted Accounting Principles (GAAP). Failure to follow the guidelines below may result in the failure of an expense to be paid by the University.

Methods of Presenting Payment to a vendor (in preferred order)

1. **Purchase Order** resulting in a check or credit card payment to the vendor.
2. **Fifth Third Bank (5/3) company credit card** for immediate payment to a vendor. This option is only for those departments or employees who are issued a card.
3. **Fifth Third Bank (5/3) company credit card** held in the Controller's name or the MSJ Institutional card for immediate payment to a vendor. Both are kept on file in Fiscal Operations. The MSJ Institutional credit card may be "checked out" for short periods of time. The Controller's card is used for large dollar purchases.
4. **Expense Reimbursement** submitted by employees or students for reimbursement for payments made to a vendor on the University's behalf.
5. **Cash Advance** available through the use of a Purchase Order for expenses to be incurred in the future when another method of payment is not acceptable.

******ORIGINAL RECEIPTS MUST BE SUBMITTED IN ALL CIRCUMSTANCES******

- **Purchase Order**
A purchase order, generated through CARS, documents the intent to purchase a product or service from a vendor. The process documents the authority and the approval to purchase. A check is made payable to a non-employee or third party vendor for the purchase of goods or services.
- Vendors must be established through accounts payable prior to the input of a purchase order. Email the Accounts Payable Clerk (x4323) to add vendors to CARS.
- Purchase orders (PP) are created and approved **prior to** the purchase of goods or services.
- Use **blanket purchase orders** (PB), or purchase orders for regular periodic payments to the same vendor. (e.g. Cintas, Cincinnati Bell)
- Payments or stipends to non-employees for services rendered require the individual to complete an IRS form W-9 prior to payment. Fiscal will hold payments to individuals without a W-9 on file. This form can be found here:

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<https://mymount.msj.edu/ICS/Finances>. Payments to non-employees for reimbursement of their expenses (e.g. a job candidate's travel expenses) do not require a W-9.

- Payments for professional services require an approved professional services contract and a W-9. These forms can also be found here: <https://mymount.msj.edu/ICS/Finances>.
- Typically, completed Purchase Orders received in Fiscal by Friday will be paid no later than the following Friday. Purchase Orders received after Friday may be included in the week's check run at the discretion of the Controller.
- All Purchase Orders will be paid according to the due date on the related invoice unless Fiscal is instructed otherwise.
- Cash advances require purchase orders to initiate the check request. Cash advances must be documented on an expense report and any remaining proceeds returned to Fiscal Operations.

Fifth Third Bank Credit Cards

When a credit card is issued, instructions are given to the responsible person on processing charges and the use of the 5/3 website SGD2. Please review those procedures as needed and ask questions. Fifth Third credit cards are not assigned according to a certain position or role with the University. Necessity dictates who will be assigned a card, and it is not to be considered a right. Usually those who travel or have extensive business off campus will be assigned a card.

- The card should be used for purchases such as travel arrangements, registration fees, business lunches, unusual supply purchases (Non Office Max), and vendors that will not allow for a PO or will not invoice.
- Generally a credit limit of \$2,000 is given to each card. Periodically the need for a temporary higher credit limit is needed. Please email the Controller (or call x4711) to request an increase and the date the limit can be reduced. Requests to increase or decrease a limit are usually addressed promptly.
- The number on the back of the card may be called at any time to check the limit, available balance, purchases, report a lost or stolen card, etc. The personal identification number or what they may refer to as the "SSN" is your birthday month and day- 4 numbers. (a July 11th birthday would be 0711)
- If traveling or intending to make a large purchase in the near future, please call Fifth Third in advance to tell them of the travel plans, check the credit limit and available balance to reduce problems.
- Keep all receipts, itemized ones rather than summary totals, as they need to be uploaded to the SGD2 website.

The University has an overall limit to both the amount of cards and available balance, so attempts are made to keep as the number of cards as well as individual credit limits low.

Fifth Third Bank Credit Card (MSJ Institutional or the Controller's card)

The Fifth Third Bank Credit Cards, issued in the Controller's name and in the generic "MSJ Institutional" name are kept in Fiscal Operations in the vault.

- **Fiscal Operations** (x4323 or x4711) must to be notified when either card is used. Otherwise, a charge might be interpreted as fraudulent and the card cancelled.
- A Purchase Order must be created with the vendor **Fifth Third Bank, ID #443230** for each purchase made on the card as soon as possible.

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- Send a print out of the Purchase Order to the A/P clerk immediately and any original receipts as they become available.
- The MSJ Institutional credit card may be “checked out” for short periods of time. The Controller’s card is used for large dollar purchases or charges.

Expense Reimbursement Form

The Expense Reimbursement form is required as part of an “accountable plan” as defined by the IRS. Use of this form makes the reimbursement not taxable as it provides the proper documentation. All fields on the form must be completed. It is to be used for any payment made to an employee that is not salary/compensation/stipend.

- Use an expense reimbursement for any payment to an employee that is not compensation regardless of account coding or amount.
- **Expense reports are due no later than 2 months (60 days) after the expense was incurred.** IRS rules state that 60 day limit must be followed. Expense reports received after the 60 day limit will be reimbursed as taxable income through payroll as the IRS states.
- Reimbursements must be in compliance with the University policy on valid business expenses.
- Expense Reports must be signed by the employee and their department head.
- Expense Reports over \$500 require the appropriate line officer’s signature.
- Expense Reports over \$5,000 also require the Chief Financial Officer’s signature.
- Reimbursements less than \$50 will be returned in cash unless otherwise requested.
- All reimbursements may be direct deposited at the request of the employee by completing the section at the bottom of the form.
- Typically, completed expense reports received in Fiscal by Friday will be paid no later than the following Friday.
- Please review the form prior to submission for proper account coding for each item to quicken the process.
- An example form is attached. Please use it for reference when completing the expense report. A blank form is located here: <https://mymount.msj.edu/ICS/Finances>.

Cash Advance

Cash Advances are only available through the use of a Purchase Order, and are the least favored payment option. The cash advance is used to provide cash upfront for a future event, travel, or purchase. **If no other method of payment is acceptable, please allow for plenty of time to acquire a cash advance.**

- Complete a Purchase Order through the procedures described above. Please allow ample time for approval by the appropriate levels.
- Purchase Orders and cash advance purchase orders submitted on Friday will be available by the following Friday. Those submitted after Friday will be made available earlier at the Controller’s discretion and will be the exception, not the rule.
- All expenses and receipts are required to be documented and turned in with an Expense Reimbursement Form for documentation according to IRS rules and regulations. Failure to submit a corresponding Reimbursement form within two weeks of the event will result in the cash advance becoming taxable income.
- An example Cash Advance expense report is attached. Please use it for reference when completing a cash advance report.

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Petty Cash

Petty Cash is used only for Student Reimbursements and Student Clubs.

- Fiscal Operations will continue the policy of reimbursing for purchases less than \$50 immediately. However, the purchase must be documented on an **expense report**.
- In most cases, Fiscal is able to give the employee cash upon the employee presenting the expense reimbursement report to the cashier's counter during normal business hours.
- There may be times when Fiscal is unable to honor immediate cash requests due to a high volume of requests or other cash needs. If this occurs, we will reimburse the employee as soon as possible.

Student Reimbursements

Students may be reimbursed for valid University expenses less than \$100. Students should use an expense reimbursement form (even though they are not an employee) and have it signed by the department chair.

Student Club Reimbursements/Petty Cash

- **Student Club Reimbursements** must have a “**Student Organization Expense Form**” attached to any paperwork submitted to Fiscal Operations for reimbursement. This form is first submitted to SGA for proper authorization.
- A student club may request a cash advance up to \$100.
- Within one week from the disbursement, unused cash and all receipts must be returned to Fiscal Operations.
- Fiscal Operations works with the Student Activities Director to resolve issues with receipts not returned by the clubs.
- The “**Student Organization Expense Form**” can be found at https://mymount.msj.edu/ICS/Info_and_Policies/Clubs_and_Organizations.inz

Professional Services Contracts

When the University enters into agreements with non-employees or independent contractors to perform specific services; these contracted arrangements are documented on a “**Professional Service Contract**.” This form is appropriate for use on a recurring basis, for example, athletic officials and one-time fees such as a honorarium for a speaker.

The IRS and the State of Ohio require that payments to non-corporations for professional services be reported on a Tax Form 1099 if over \$600 during the calendar year. A completed W-9 form contains all the information needed to report to the IRS and to the State. The Tax Form 1099 is required to be sent out by the end of January.

- A **Professional Services Contract** (<https://mymount.msj.edu/ICS/Finances>) must be completed, signed and properly authorized before payment will be made. A current IRS form W-9 must also be completed or be on file in Fiscal Operations.
- Forward the signed contract, the completed W-9 (or so indicate one is on file), together with a properly authorized Purchase Order to Fiscal Operations.

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Year End Procedures

The University's fiscal year runs July 1st to June 30th. Please follow closely any communications regarding the University's year-end requirements and procedures.

It is important to plan ahead and communicate within the department regarding the deadlines. If cash advances are needed or specific events happen around the end of June, please plan according.

- Complete all current year purchases (meaning purchases to be charged to the current year's budget) by mid-**June**. Current year Purchase Orders must be **input, approved and submitted** to Fiscal Operations **by mid-June**.
- All capital purchases must be completed, **paid and on campus by June 30th** in order to be included in the current fiscal year ending's budget.
- Forward all invoices dated 6/30 or prior to Fiscal Operations **as soon as possible**. If an invoice has problems and can't be paid (e.g. damaged goods, discrepancy in price), please forward to Fiscal Operations a copy of the invoice, write "COPY" and "DO NOT PAY" on it with an explanation.
- **Expense reimbursement reports for expenses incurred prior to June 30 are due July 15. Requests received after July 15th will be returned unpaid.**

Travel Guidelines

Refer to the "Travel & Expenditure Reimbursement Policy" for more details.

Below are some important highlights:

The University's position is to complete all transactions cost effectively without putting undue burden on employees. It is the University's expectation that employees pay for expenses upfront and then be reimbursed through the Expense Reimbursement form.

ITEMIZED RESTAURANT RECEIPTS ARE REQUIRED

Please be certain to include the itemized receipt, not just the "total" slip. Details of the purchase need to be seen on the receipt.

When traveling for a conference, it is expected that the employee will take the most cost effective mode of transportation to their destination, whether that be flying, car rental or personal travel. If an employee chooses a more expensive mode of transportation for personal reasons, they will be reimbursed at the lowest amount, within reason. For example, if someone drove to their destination rather than fly via a cheaper flight (within \$50), the University will reimburse the amount of the flight rather than cents per mile.

When traveling by personal vehicle, reimbursement is by either cents per mile method (at the current IRS amount) or the actual gas purchases with receipts. Mileage cannot be prepaid.

When renting a car, the University will reimburse the cost of the car rental for the duration of the trip including time to travel there and back as well as the days of the event. Gas used during the same timeframe is also reimbursed with receipts. Employees should not add on the insurance offered by the rental company and should return the car with the gas at the same level as when it was picked it up instead of using the option of the rental agency providing the last tank of gas.

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Alcohol is not permitted and therefore will not be reimbursed

Cash advances will be used ***sparingly*** and will be considered on a case by case basis. Cash advance approvals will be determined based upon the amount of people traveling on behalf of the University, distance, necessity for cash, and other factors as determined by Fiscal Operations.