University of New Haven

Policy Title: **Accounts Payable**

Policy No.: **5200 Rev.: 3**
Effective Date: **October 2017**
Last Revision: **January 22, 2019**

Responsible Office: Business Office

Responsible Official: Vice President for Finance

Policy Sections

Scope

This policy is intended to convey to the University of New Haven, Lyme Academy College of Fine Arts, including departments, students, vendors, employees and government entities, the basis in which the Accounts Payable department will disburse funds.

Policy Statement

The Accounts Payable Department is responsible for overseeing the payment process for the University, including oversight of appropriate payment method, the approval process and disbursement controls.

Reason for the Policy

The University must maintain control over the disbursement of its funds by requiring proper approval and consistent application of procedures for payment transactions. This policy seeks to promote fiscal control, timely and accurate disbursement of funds for external purchases, employee reimbursement, donor restrictions and compliance with state and federal regulations.

Definitions

Purchase Order – A document issued by a buyer to a seller, indicating types, quantities, and agreed prices for products or services the seller will provide to the buyer. Sending a PO to a supplier constitutes a legal offer to buy products or services.

Check Request – A request that a check be produced by the Accounts Payable Department in payment of certain non-purchase-order invoices or services.

Requisitioner – An individual initiating a transaction for the purchased goods/services; or an individual requesting payment of a transaction as permitted within this policy.
Policy Sections

5200.1 Forms
Forms for Cash Advances, Expense Reports, Travel Authorizations, Deposit Transmittal, Check and Wire Request are available under the Business Office Documents and Forms on the University's website. In addition, the PSA (Personal Service Agreement) and the Honorarium can be found under Business Office/Accounts Payable Forms. https://mycharger.newhaven.edu/web/mycharger/accounts-payable

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5200.2 Customer Service
Information regarding the payment status of requisitions can be obtained by contacting the Accounts Payable Department as follows by phone: 203-932-7226, 203-932-7227 or 203-932-7228. Or by emailing accountspayable@newhaven.edu

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5200.3 Receiving Procedures
All deliveries to the University are sent to the Shipping and Receiving Department (S&R). S&R will deliver all merchandise (less than 50 lbs.) to the appropriate department.

The packing slip, invoice and/or other pertinent documents, included in the shipment, should be signed by the department, and forwarded to Accounts Payable.

5200.4 Accounts Payable Procedures/Check Distributions

The Accounts Payable department is the primary recipient of invoices. All invoices must be approved for payment. If Accounts Payable has not received packing slip or other proof of delivery, they will send a copy of the invoice to the department for approval. The recipient of the goods or services must sign the copy as "Received" or "Okay to Pay", the date received and their signature. And they must return to copy to Accounts Payable.

The Accounts Payable department will process a check run for the University of New Haven on Tuesdays and Fridays. Check runs for Lyme Academy is processed once a week on Wednesdays. Accounts Payable should receive invoices, check requests, expense reports, and cash advances at least 10 business days prior to due date. All cash advances will be processed no sooner than one month in advance of the trip date.

Printed checks are placed in secured envelopes with appropriate enclosures when required. Verification of the check run is performed by a person outside of the Accounts Payable Department on all checks before the checks are released. The verification seeks to identify errors, omissions, adherence to policy on checks issued from the University.

Verification of the check run must be completed before checks can be mailed. All checks processed will be mailed out, unless otherwise specified. It is the responsibility of the requestor to clearly note on the check request, cash advance or expense report that a check will be picked up from the Accounts Payable department.

The University utilizes a "positive pay" feature on all account payable checks issued. This prevents unauthorized check issued in the name of the University from being paid against a University bank account.

The University will (at the discretion of the Business Office) pay vendors via a University credit card (PCard), ACH transaction or wire transfer.

5200.5 Supporting Documentation

The University must keep adequate records of its expenses to ensure proper financial reporting and compliance with audit and tax requirements. Each year an auditing firm, reviews supporting documentation to ensure validity, and to conduct a financial audit.

INVOICES should be original invoices received from the vendor. They must include:

- Name and address of vendor

- Remittance address
- Invoice date
- Reference Purchase Order Number
- Detailed description of purchase or service performed
- Invoices submitted by email, fax and .pdf are acceptable if that is the standard mode of delivery for the vendor and no other original exists. It is helpful if the vendor can include a statement on the invoice to indicate this mode of delivery (e.g., "original submitted via fax").

CASH ADVANCES should include a copy of the requestor's travel authorization.

CHECK REQUESTS should include supporting documentation such as:
- Registration form
- Honoraria form,
- PSA – Personal Service Agreement
- Athletic Official's and attendant's game schedule
- College Fair applications
- Entertainer or Speaker contracts

EXPENSE REPORTS should include receipts for all items $25.00 and over. If a University P-card was used, then copies of all trip related expense should be included. It must also have a copy of the pre-approved travel authorization.

5200.6 Signature Authority

The appropriate person must approve all requests for payments including transactions involving a purchase order or transactions requiring a check request. Generally, the requestor must sign that the goods or service have been received in good order and the immediate supervisor must approve the payment as well.

- INVOICES must include the Purchase Order number, the date the goods or services were received and a signature from the recipient.
- EXPENSE REPORTS and CASH ADVANACES should include the Travelers Signature and the appropriate Academic or Administrative Financial Manager or Supervisor signature. For expense reports over $25,000, the Provost or Vice President must sign. In addition, Grant Financial Director must sign all grant related expense reports.
- CHECK REQUESTS must include the appropriate approval signature:

Academic Departments:	Financial Manger < $5000.00 Management < $25,000 Provost > $25,000
Administrative Departments:	Financial Manager < $5,000 Vice President > $5,000

The Grant Financial Director must sign all grant related check request regardless of amount.

5200.7 Paying Transactions Involving Purchase Orders

Accounts Payable generates reimbursements to vendors and individuals in response to the following approved documents.

The Purchasing Department will create a Purchase Order from a Purchase Requisition (paper form or electronic Banner requisition) created by a requester. Purchasing will email a copy of the Purchase Order to both the requestor and to the vendor. Once the merchandise has been delivered the requester should forward either the packing slip or a copy of the Purchase Order with the notations, of merchandise received, date received and approval signature, to Accounts Payable.

The vendors are instructed to mail all invoices directly to Accounts Payable. Vendors have the option to email invoices to accountspayable@newhaven.edu . Invoices received directly by the department and requester should be forwarded immediately to Accounts Payable. Delays in forwarding invoices to Accounts Payable will delay vendor payments.

Invoices received by Accounts Payable will be agreed to the receiving documents, purchase order and invoice. If receiving documents have not been received, Accounts Payable will contact the requester to verify merchandise receipts. Verification is provided by sending signed invoice back to Accounts Payable via fax, inter-office mail or emailing a scanned copy.

When a purchase order is issued, the departmental funds are automatically "encumbered", which means they are committed or reserved against the budget. The encumbrance will automatically be removed when the invoice is paid. However, if the invoice is for less than what the Purchase Order was set up, the unused portion of the funds will remain encumbered. The remaining balance can be un-encumbered when a Purchase Order is closed. The department must request this.

We pay vendors on net 30 terms (unless otherwise noted on the vendor invoices.) This means vendors will be paid within thirty days of the invoice date – if we have verified merchandise receipt with the requester. (See Receiving Procedures **5200.3**)

5200.8 Paying Transactions Involving a Check Request

A check requisition form must be utilized to request a payment for goods/services, which do not require a purchase order.

If Accounts Payable receives an invoice for a new vendor, a W-9 form must be completed before payment can be processed. The department requesting payment must contact the vendor for a copy of the W-9 and send to the Purchasing Department. Payments cannot be issued to any vendor without a W-9 on file with the Business Office.

Purchase orders are not required to pay the following:

- Membership Dues
- Subscriptions
- Conference Registrations
- Petty Cash Reimbursements
- Stipends
- Medical Insurance Premiums
- Utility Bills
- Wage Executions
- Expense Reports
- Athletic Officials
- College Fairs
- Entertainers
- Speakers

In order to process these invoices more efficiently and timely, the following instructions should be noted.

Use the check requisition form to process payments

- Type full address of payee
- Use proper, complete Banner index and account number(s)
- Attach original invoice to check requisition (statements cannot be used) (see **5200.5)**
- Sign and date the invoice for any items received by the department (see **5200.6**)
- Obtain all appropriate approval signatures

Subscriptions – Must be delivered to the University of New Haven address. The subscription form must be completed and attached to the requisition.

Conferences – Check requisitions must include the completed original conference form. In addition, employees should have an approved travel authorization in place before submitting the check request.

Contractual Services – Professional services payments (PSA) to an individual. These vendors are not paid automatically. An approved invoice must be attached to the Check Requisition form. If more than one payment has been set forth in the PSA, a check request must be completed for each payment.

Petty Cash – Payments to reimburse petty cash accounts should be made using the Expense Report form with supporting documentation.

<u>5200.9 Payments Involving Expense Reports</u>

Employees, students, and candidates use Expense Reports when requesting a travel reimbursement or reimbursement for out of pocket expenses.

- The Business Purpose must be noted in the "Purpose of Expense", as this is a required field.
- Requestor's complete address must appear on the expense report.
- All original receipts, $25.00 and over, must be attached. Copies of P-card related expense receipts will be accepted, as original P-Card receipts will be submitted to Purchasing.
- All reimbursements require the approvals of both the requestor and direct supervisor or appropriate financial manager.
- In addition, the Grant Financial Director must approve all grant related travel.
- Pre-approved Travel Authorization must be attached.
- Expense Reports are expected be submitted to Accounts Payable within 15 days from the last date of travel.

Out of pocket, expenses such as materials and supplies can be reimbursed by using the Expense Report. These would be purchases of items with cash, or personal credit card when it is not feasible to process the purchase through purchasing procedures (or through use of University P-card) due to vendor policy, time constraint, amount or other circumstance. The vendor invoice and proof of payment, (e.g. credit card receipt or copy of cancelled check) are required in support of reimbursement. Supporting documentation must detail item purchased and the business purpose of the item in order to reimburse.

Note: Allowable expenses and additional rules governing this policy can be found in the Travel & Business Expense Policy.

5200.10 Payments Involving Cash Advances

Cash Advances can be issued to employees prior to University sponsored project or travel. The Business Office will have final authority to approve, disapprove or modify all cash advances.

- All cash advances will be processed no sooner than one month in advance of the trip date.
- Pre-approved Travel Authorization must accompany the Cash Advance.
- The completed form must include detail description, travel dates, Banner Index Code and Account Number to be charged, and requester's signature.
- Approval signature can be one of the following: Department Chair/Supervisor, Dean/Director or Provost, Vice President, President.

Upon completion of travel, employee must complete an Expense Report showing how the cash advance was used. The approved Expense Report is submitted to the Accounts Payable Office.

- The Expense Report is expected to be completed within 15 days of the last travel date. The Cash Advance must be recorded on this Expense Report in Part D. Receipts must be provided for all purchases as supporting documentation. In addition, the University's Travel & Business Policy guidelines must be adhered to.
- Any remaining cash advance, needs to be returned to the University upon completion of the Expense Report. The employee should complete a Deposit Transmittal Form. Bring the form, along with the

returning funds, to the Bursar's office. The Bursar will give a receipt. The receipt must be attached to the Expense Report as a supporting document.

- If the employee has used all of the cash advance and additional personal funds, Accounts Payable will process a reimbursement check for the additional funds.

Failure to follow the University travel/business expense policy may result in the cash advance amount being treated as income and subject to withholding taxes per the IRS regulations or Expense Reports submitted after 60 days will not be reimbursed.

5200.11 Payments Involving Wires

The University restricts the use of wires as a form of payment for international use only. The requester must use a Wire Transfer Form, when requesting that an international entity be paid. Forms should be sent to Sarah Conroy in the Business Office.

If Accounts Payable receives a Wire Transfer for a new vendor, a W-8BEN form must accompany the request. The department is responsible for obtaining the completed and signed W-8BEN form from the vendor. Payments cannot be issued to any vendor without a W-8BEN on file with the Business Office.

In order to process Wire Payments more efficiently and timely, the following instructions should be noted:

- Enter Vendor's name, address and vendor code #
  (If the wire is for a new vendor, a completed and signed W-8BEN must be attached)
- Use proper, complete Banner index and account number(s)
- Attach supporting documentation to check request (e.g. invoice)
- All wire information must be included. (E.g. Swift code, bank name & address, bank account number or IBAN# and beneficiary name.)
- Appropriate approval signatures.

5200.12 Grants and Sponsored Programs

Requisitions, personal service agreements, and purchase orders for grants/sponsored programs must be sent to Finance Director for Grants and Sponsored Projects for review and approval prior to sending to the sponsoring agency and prior to posting in the general ledger. Whereas the University does not generally create requisitions or purchase orders for subscriptions, membership dues or conferences; requisitions and/or purchase orders are required on sponsored programs.

All grant/sponsored program invoices are to be sent to the Finance Director for Grants and Sponsored Projects for review and approval prior to being paid.

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5200.13 Student Refunds

Student refunds are initiated when a credit balance appears on a student's account. The Bursars Office is responsible for ensuring the credit balances are proper before a refund is issued to the student.

Student refunds are processed weekly by the Bursars Office and are disbursed to the students from the Bursars Office. Students have the choice of picking up the refund check or having the check mailed to them.