

UNCSA

***ACCOUNTS PAYABLE
PROCEDURES
Revised 3/14/2024***

UNIVERSITY OF NORTH CAROLINA SCHOOL OF THE ARTS
Accounts Payable Procedures

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Section 1 – Introduction to Accounts Payable

The Accounts Payable (AP) Unit of the Controller’s Office within Financial Services is responsible for processing all payments for goods and services received by the University after determining that proper disbursement procedures have been met. The goal of the AP Unit is to consistently and accurately process fully supported and documented payments in a timely manner so that vendor terms are honored, and the university may take advantage of cash discounts. The AP Unit is committed to providing high-quality service to departments and vendors and prompt responses to requests for information.

University of North Carolina School of the Arts uses the Accounts Payable component of the Banner Financial System, a financial system designed for higher-education institutions. The AP component electronically matches the purchase order, receiving information, and the invoice for payment when applicable. The AP system also prevents the entering of duplicate invoice numbers, reducing the chance of paying an invoice twice, and provides tax reporting features for processing the IRS Forms 1099 as required by state and federal guidelines.

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Section 2 – Authoritative References for Disbursing State Funds

The central state agencies governing how state entities are to manage, process, and disburse state monies are:

[Office of State Budget Management](#)

Includes the OSBM Budget Manual and any applicable Budget Memos

[Office of the State Controller \(OSC\)](#)

For the disbursement of money, the statewide cash management plan shall provide at a minimum that:

- Moneys deposited with the State Treasurer remain on deposit until final disbursement to the ultimate payee.
- The order in which appropriations and other available resources are expended shall be subject to the provisions of Chapter 143C of the General Statutes regardless of whether the State agency disbursing or expending the moneys is subject to the State Budget Act.
- Federal and other reimbursements of expenditures paid from State funds shall be paid immediately to the source of the State funds.
- Billings to the State for goods received or services rendered shall be paid neither early nor late, but on the discount date or the due date to the extent practicable.
- Disbursement cycles for each State entity shall be established to the extent practicable so that the overall efficiency of the warrant disbursement system is maximized while maintaining prompt payment of bills due.
- In order to avoid disbursing account overdrafts, warrants should not be released before adequate funds have been requisitioned by the agency and approved and deposited to the applicable disbursing account by the OSC via the North Carolina Financial System (NCFS).
- Electronic Funds Transfer (EFT) should be used for certain payments between State and local units, vendors and employees when it is determined to be mutually beneficial to both parties.
- Delegation of Disbursing Authorities must be kept current and must be approved by the State Controller.

OSBM and OSC have policies and procedures listed on their websites for State entity compliance.

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Section 3 – Disbursements

University disbursements for the payment of goods and services (except payroll) are prepared normally within five (5) working days after receipt of the required documentation in the Accounts Payable unit and, for purchase order payments, are dependent on purchase order, receiving, and invoice match.

Budget must be available before requisitions, purchase orders, card program purchases or Direct Pay requests are processed.

Failure to submit the proper documentation to AP delays the disbursement process, which adversely affects budgets and vendor/campus business relations. To minimize disbursement delays, all vendors should be instructed to send invoices directly to:

University of North Carolina School of the Arts
ATTN: Accounts Payable Office
1533 S. Main St.
Winston-Salem, NC 27127
Email: AccountsPayable@uncsa.edu
Fax: 336-631-1233

Failure to comply with the following Disbursement Guidelines could result in audit exceptions, improper payments, and/or delayed payments.

A. Adequate Documentation:

- Disbursements must be from source documentation, such as invoices, agreements, contracts, and requests, which sufficiently describes the purpose of the disbursement.
- The Department of Procurement, Contract, and Auxiliary Services does vendor verification and maintenance.
- Documentation must identify the payee name, address, and purchase order number (if applicable).
- Documentation must be centrally received in Accounts Payable.
- Under certain circumstances when the original invoice is not sent directly to AP by the vendor, the campus department in receipt of the invoice must forward the invoice to AP in a timely manner and before the due date.
- Documentation for disbursements must be retained in accordance with state and federal retention policies.

B. Approval for Payment:

- Disbursements must be approved by the person or persons authorized by the university to make such approvals (Chancellor, Provost, Vice Chancellor(s), Dean(s), and Department Head(s)).
- Adequate budget must be available.

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- All invoices are reviewed for completeness of supporting documents and required clerical checking by the AP Unit staff before approval and processing.
- In limited cases, items may be purchased by personal funds (i.e. credit card or cash). However, this must be preapproved by the Vice Chancellor for Finance and Administration or designee. Failure to have these purchases preapproved will result in denial of reimbursement.
- Capital Improvement fund payments must be approved by the appropriate accountant as designated by the Controller.
- In cases where a show has been canceled and refunds are to be disbursed to patrons the Direct Pay requests are to be treated as if a one-time vendor and do not require filling out the vendor information form.

C. Receipt of Goods and Services:

- Each department is responsible for declaring receipt of goods or services to demonstrate that the goods or services were recorded and counted by receiving the goods electronically through Ellucian Spend Management a.k.a. Pickle Mart.
- AP processing is done electronically through the Banner AP System, which matches purchase order, receiving document and invoice when applicable.

D. Account Classification:

- The disbursement must be accurately classified to the proper fund distribution and agree with established fund/organization/program classifications.
- Payments should not be coded to budget pools (i.e., 73000P), but to the actual expenditure account number (7#####).
- Accounts Payable must review the propriety of the fund/account classifications.

E. Allowable and Eligible: The disbursement must be for an allowable activity per state regulations. The Controller's Office monitors the allowability and eligibility of disbursements.

F. Net of Credits:

- The disbursement is net of applicable credits (e.g., cash discounts).
- Billings to the university for goods or services rendered should not be paid early or late, but on the discount date or due date to the extent practicable.
- Accounts Payable is responsible for determining that cash discounts are taken.
- Accounts Payable must be promptly notified of returned purchases for correlation of such purchases with a vendor credit advice.

G. Purchase and Contract Regulations: The disbursement must comply with State purchase and contract rules and regulations as listed in [UNCSA's Purchasing Guidelines](#).

H. Separation of Duties: The following duties are generally performed by different staff:

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- Receiving and invoice processing.
- Invoice processing and making general ledger entries (except for corrections).
- Invoice processing and check signing.
- Check approval and any of the aforementioned duties

I. Invoice Processing:

- A job is run in Banner to match purchase order, receiving and the invoice together including the following tasks:
 - Comparing invoice quantities, prices, and terms with those indicated on the purchase order.
 - Comparing invoice quantities with those indicated on the receiving report
 - Checking accuracy of calculations.
- The AP Unit will:
 - Destroy extra copies of invoice to prevent duplicate payments.
 - Record Banner Invoice Number on a digital copy of the invoice to prevent duplicate payments.

J. Check Writing Schedule:

- Wednesday:
 - Checks are printed in AP. (Check write days may change due to special circumstances such as month-end close, holidays, etc.)
 - Funds are requisitioned from the Office of the State Controller (OSC) via the North Carolina Financial System (NCFS).
 - OSC approves UNCOSA's available cash by 1 p.m. every business day, depending on circumstances including month-end closing.
- Thursdays:
 - AP releases checks to vendors or employees, dependent on OSC's approval of cash requisition.
 - Checks to be picked up will be held for five (5) business days. Checks not picked-up within five business days will be mailed.
 - If OSC does not approve the funds request (due to cash flow problems at the State level or other unforeseen circumstances), the checks will be held and not released until the requisition is approved.

K. Check Processing:

- UNCOSA uses a laser check processing system to produce checks per state specifications.
- The check processing system is controlled and secured within the Financial Services vault.
- All checks are properly accounted for and controlled via check registers auditing of files.
- Making checks out to "Cash" is prohibited.

L. **Voided Checks** are properly accounted for and effectively cancelled by stamping void on checks, voiding checks in the Banner AP System, and stopping and/or deleting the check in the State Treasurer's Core Banking system or Truist as appropriate.

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M. Direct Deposit Schedule:

- Wednesday:
 - Direct Deposits are initiated in AP. (Direct Deposits may change due to special circumstances such as month-end close, holidays, etc.)
 - Funds are requisitioned from OSC via NCFS.
 - Direct Deposit wires are initiated in Core Banking.
 - OSC approves UNCOSA's available cash.
- Thursday
 - Direct Deposit file is loaded provided the approval and availability of funds requested.
 - If OSC does not approve the funds request (due to cash flow problems at the State level or other unforeseen circumstances), the direct deposits will be held and not released until the requisition is approved.

N. Disbursement Types:

- **Invoice with Purchase Order** represents the majority of payments for goods and services processed by AP and are to be initiated with a purchase requisition except for the following payments:
 - **Direct Pay Requests** are for services/orders exempted by Purchasing from the purchase order requirement. Examples include membership fees, independent contractors, subscriptions, bank fees, registration fees, honorariums, legal fees, audit services, and payroll/garnishments.
 - **Travel** includes travel prepayments (registration/conference fees and airline tickets) and travel reimbursements.
 - **Utility** includes services for electricity, natural gas, water/sewer, fuel oil, telephone, cell phone & cable TV.
 - **P-Card** transactions include small purchases not requiring a purchase order paid by a procurement card.

For the above disbursement types, the following items are important for prompt processing and payment:

- Timely receipting of goods must be done by the schools/departments through Pickle Mart.
- Invoices must be sent directly to AP.
- Invoices sent to campus departments must be forwarded to AP on a timely basis and before the due date.
- For items picked up by campus departments, the invoice must be forwarded to AP on a timely basis and before the due date.

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Section 4 – Tax Reporting Policy

A. 1099 Miscellaneous Tax

University of North Carolina School of the Arts is accountable to the Internal Revenue Service (IRS) and the North Carolina Department of Revenue (NCDOR) for payments made for services rendered by non-university personnel. The university is required to file forms 1099 (MISC and NEC) with the IRS, NCDOR and payee by federal and state deadlines for each applicable vendor (payee) paid the following amounts:

- Rents of \$600.00 or more
- Any Royalties of 10.00 or more
- Other income of \$600.00 or more
- Non-employee compensation of \$600.00 or more

B. Sales Tax

Beginning July 1, 2004, all State entities (including UNCSA) are exempt from sales tax on direct purchases of items, except electricity and telecommunications services per NCDOR. Contact the Department of Procurement, Contract, and Auxiliary Services for UNCSA's sales tax exemption number.