



UNCSCA

***ACCOUNTS PAYABLE
POLICY AND PROCEDURES***

5/5/2009

UNIVERSITY OF NORTH CAROLINA SCHOOL OF THE ARTS
Accounts Payable Policies and Procedures

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Section 1 – Introduction to Accounts Payable

The Accounts Payable (AP) Unit within the Controller's Office in 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 Accounts Payable Unit is too consistently and accurately process completely supported and documented payments in a timely manner so that vendor terms are honored and the university may take advantage of cash discounts. The Accounts Payable 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 (AP) 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. The AP system also prevents the entering of duplicate invoice numbers, reducing the chance of paying an invoice twice, and provides a 1099-Miscellaneous Income tax reporting feature for processing the Statement of Recipients of Miscellaneous Income (Form 1099-MISC).

These policies and procedures are used in conjunction with the SCT Accounts Payable User Guide located in the UNCOSA Controller's Office.

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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 and Management \(OSBM\)](#)

[Budget Manual](#)

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

[State's Cash Management Policy](#)

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 available resources are expended is subject to G.S. 143-27 regardless of whether the State entity disbursing the moneys is subject to the Executive 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.
- 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. The North Carolina Accounting System, [System Information Guide](#) (SIG) is very helpful in determining statewide accounting policies and procedures.

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Section 3 – Disbursement Policy

University disbursements for the payment of goods and services (except payroll) are prepared normally within seven (7) working days after receipt of the required documentation in the Accounts Payable unit and depending on purchase order, receiving, and invoice match for purchase order payments.

Budget must be available before requisitions, purchase orders, p-card purchases or check requests are done.

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
Accounts Payable Office
PO Box 12189
Winston-Salem, NC 27117-2189

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

A. Adequate Documentation:

- Disbursements must be from original source documentation, such as invoices, agreements, contracts, and requests, which sufficiently describes the purpose of the disbursement.
- UNCSA Purchasing department does vendor verification and maintenance.
- Documentation must identify the payee name, address, and UNCSA's purchase order number (if applicable) or listed on check request or contract.
- Documentation must be centrally received in Accounts Payable.
- Under special 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. Approved for Payment:

- Disbursements must be approved by the person or persons authorized by the university to make such approvals (Chancellor, CAO, COO, Vice Chancellor, Deans, and Department Heads).
- Adequate budget must be available.
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- All invoices are reviewed and approved for completeness of supporting documents and required clerical checking by the AP Staff before processing.

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- Contract payments must be approved by the designated contract administrator or the Senior Director of Business Affairs.
- In limited cases, items may be purchased by personal funds (i.e. credit card or cash). However, this must be preapproved by the Senior Director of Business Affairs. Failure to have these purchases preapproved will result in denial of reimbursement.
- Capital Improvement fund payments must be approved by the CI Fund Accountant.
- In cases where a show has been canceled and refunds are to be refunded to the patrons the check requests are to be treated as if a onetime vendor and do not require filling out the vendor information form..

C. Receipt of Goods and Services:

- Each department is responsible for receiving goods or services to demonstrate that the goods or services were actually recorded and counted. Each department is responsible for receipting of goods electronically through the Banner Receiving Email-box.
- AP processing will be done electronically through the Banner AP System, which matches purchase order, receiving, and invoice.

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 (7XXXXX0).
- 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 does monitoring of allowable and eligible disbursements.

F. Net of Credits:

- The disbursement is net of applicable credits (i.e., 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 the [State Purchasing Manual](#) and [UNCSA's Purchasing Policies and Procedures](#).

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

- Receiving and invoice processing.
- Invoice processing and making general ledger entries (except for corrections).

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- Invoice processing and check signing.
- , Check approval...

I. Invoice Processing:

- A job is run in Banner to match purchase order, receiving and the invoice together. .
- Compare invoice quantities, prices, and terms with those indicated on the purchase order.
- Compare invoice quantities with those indicated on the receiving report
- Check accuracy of calculations.
- Destroy extra copies of invoice to prevent duplicate payments.
- Record Banner Invoice Number on paper copy of the invoice to prevent duplicate payments.

J. Check Writing Schedule:

- Tuesdays and Thursdays - Checks are printed in AP by 3:00 PM (Check write days may change due to special circumstances such as month-end close, holidays, etc.)
- Wednesdays and Fridays:
 - Funds are requisitioned from OSC prior to 11:00 AM.
 - OSC approves UNCOSA's available cash at 2:00 PM or later depending on circumstances.
 - AP cannot release checks to vendors or employees until OSC approves that cash is available.
 - Checks are released usually by 2:30 PM depending on time of OSC approval
 - Checks to be picked up will be held for 10 business days. Checks not picked-up within 10 business days will be mailed.
 - If the Office of State Controller 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 by recording check numbers in the Check Numbers Log Book.
- Making checks out to "Cash" is prohibited.

L. Voided Checks are properly accounted for and effectively cancelled by stamping void on checks and voiding checks in the Banner AP System and voided in the State Treasurer's Positive Pay System for State (ST) and Institutional Trust Funds (IT).

M. Disbursement Types:

- **Invoices with Purchase Order** represents the majority of payments for goods and services processed by AP. All purchases for goods and services are initiated with a purchase requisition (on-line or manual) except for travel and utility payments.

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- **Travel** includes travel advances, 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 must be done by the schools/departments by sending an email with receiving information to the Banner Receiving Mail Box...
- 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.

Section 4 – Tax Reporting Policy

A. 1099 Miscellaneous Tax

University of North Carolina School of the Arts is accountable to the Internal Revenue Service and the North Carolina Department of Revenue for payments made for services rendered by non-university personnel. The university is required to file a 1099-MISC form with the IRS (due February 28) and NC Dept. of Revenue and payee (due January 31) for each 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

In order for the university to comply with this obligation, disbursements charged against certain expenditure object codes are reviewed on a monthly basis to determine if all vendors are included in the 1099 reporting from the system:

715XX0	Workers Compensation (payments to doctors, hospitals, etc.)
717XX0	Board Member Compensation
719XX0	Professional Fees and Honorariums
734XX1	Printing and Binding Services
735XX0	Repairs and Maintenance
737XX0	Advertising
739XX0	Other Current Services
741XX0	Rental of Property

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742XX0	Rental of EDP Equipment
743XX0	Rental of Other Equipment
7493X0	Memberships
7499X0	Other Charges
758XX0	Buildings
759XX0	Other Capital Outlay
769000	Other Aids & Grants

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 N.C. Department of Revenue's 12-15-03 Memo: [N.C. Department of Revenue memorandum dated 12-15-03](#). Contact the UNCSA Purchasing Office for UNCSA's sales tax exemption number.

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Section 5 – Basic Spending Guidelines by Fund Source

UNCSA has a wide variety of sources of funds, each of which has its own spending characteristics. No set of guidelines can be written that addresses every possible expenditure decision which may arise. However, there are some basic rules, regulations, and precedents presented here that can help in making wise spending decisions. These guidelines are provided to ensure that faculty/staff can carry out the university's mission effectively, while ensuring that fiscally wise, programmatically sound, and legal spending practices are followed.

A. All Sources of Funds:

1. Appearance and Reasonableness Tests

For all potential expenditures from all sources of funds, the “appearance test” should be used, i.e., how would this purchase look to external constituents and oversight bodies. Another test that is useful is to ask the question, “Is this expenditure necessary for a faculty/staff member to do his/her job or for the university to carry on its normal business?” The utilization of these tests should help to guide faculty/staff members in their decision-making. At all times, faculty/staff are encouraged to avoid the appearance of poor management of funds as well as the reality of poor management of funds.

2. Exceptions and Interpretations

Every attempt has been made to make these guidelines comprehensive. There may be cases, however, which would fall outside the guidelines and yet be legal expenditures and in the best interests of the university. If a case occurs in which an individual believe an exception should be made to the guidelines, he/she should requests from the department's responsible budget person that an individual determination be made on a particular item. The UNCSAUNCSA Controller's Office will work with the department budget person to determine the latitude available on the request, the university business purpose of the request, and other options, which may be available.

3. Account Custodian Responsibilities

The account custodian (individual responsible for the funds in an account) has the responsibility to ensure that proper documentation procedures are followed for accounts that he/she controls and that only authorized expenditures are charged to that account. Further, the account custodian is

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responsible for ensuring that any account he/she may control are reviewed at least monthly and any transactions which are incorrect or do not belong on an account are reported to the UNCSA Controller's Office.

Finally, an account custodian is responsible for ensuring that he/she maintains a positive or zero cash balance on trust fund accounts unless specifically exempted from this requirement in writing by the Senior Director of Business Affairs.

4. Payments to Employees

Regardless of funding source, payments to employees are limited to authorized reimbursements, authorized awards, or authorized salaries. Payments to employees for compensation for work must follow guidelines by the UNCSA Human Resources department and must be initiated through the payroll system.

Personal reimbursements for items such as supplies, travel, or meals to an employee must be approved by an individual at a higher level of authority in the university's organization. Personal reimbursements for items and supplies should be for emergencies only, not for the daily operational needs of the department. These purchases should normally be made with prior planning and through the normal purchasing process. Any approved reimbursement must be appropriately documented for the expenditure. For example, the purchase of supplies would require following purchasing guidelines.

5. Adverse Weather Events and Other Emergency Conditions

In the event of emergency weather conditions, certain departments have personnel critical to the University for health/safety/welfare Reasons. Examples of personnel who fit this criterion are key individuals from Facilities, Dining Services, Housing Services, Campus Police, and ITS. Under emergency circumstances, departments, which have such critical functions, may make prudent and reasonable lodging and/or meal arrangements paid from their normal operating budgets, regardless of source of funding. Requests for payment for these expenses should be clearly documented including the nature of the emergency, names of personnel covered, date(s) and time(s) of the event, and any other relevant information, which might serve to document the expenditures.

6. Penalties and Charges Resulting from Cancellations of Travel Reservations

Penalties and charges resulting from the cancellation of travel reservations (including airline or hotel reservations and conference registrations) may be paid by a department if the

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employee's travel has been approved in advance and the cancellation or change is made at the direction of and/or for the convenience of the department. If the cancellation or change is made for the personal benefit of the employee, it is the employee's obligation to pay the penalties and charges. In the event of accidents, a major disaster, a serious illness or death within the employee's immediate family, or other critical circumstances beyond the control of the employee, the department may pay the penalties and charges.

7. Long Distance Telephone Calls

Long distance telephone calls are allowable from university funds **only** for university business, except under certain situations allowable during travel status. Should emergency circumstances arise which necessitate a university employee to make a personal long distance or cellular phone call not covered in the above, the employee should immediately notify his or her supervisor and make arrangements to reimburse the university. Failure to comply with this policy constitutes a misuse of State property and could result in dismissal.

8. University Supplies, Equipment, Materials and State Vehicles

Supplies, equipment, materials and State vehicles purchased for UNCSA use should be used or expended only in the exercise of official responsibilities in behalf of the University. It is improper to use any UNCSA supply, equipment or materials for personal use. This includes stationary, office supplies, copiers, mailing machines state vehicles and any other expenditure paid for by UNCSA. Failure to comply with this policy constitutes a misuse of State property and could result in dismissal

9. Moving Expenses

Authorized moving expenses for new employees must be paid from supplemental operating or foundation funds unless pre-approved by the Office of State Budget and Management. Three vendor quotes are required for moving expenses under \$5,000. Moving expenses costing over \$5,000 or more must be handled on a purchase requisition or bid basis.

10. Account Numbers

Account numbers are numbers that must be used when processing financial transactions to identify various classes of expenditures, for example, salaries, travel, supplies, equipment, etc. The actual accounts will provide even more detail breakdowns of the groupings. This number scheme gives the University the ability to create reports that include, or are broken down by, the various classes of expenditures. Information regarding accounts may be obtained from the UNCSA Controller's Office.

11. Funds A fund is a specific entity that serves a particular accounting purpose. One person usually has primary responsibility for the fund. Funds include balance sheet and revenue/expenditure accounts. The Chancellor's Office (170010) is an example of a fund.

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B. State Budget Codes – General Operating Funds

(Funds range 199099 through 180990 and 4XXXXX)

These accounts consist of state appropriated funds and receipt supported funds in the State Budget code for the normal activities necessary to operate the university. The nature of the purchases will depend upon the mission of the department and the types of supplies, equipment, etc. necessary to accomplish their mission. To a certain degree, the appropriateness of expenditures will depend on that mission. For example, a purchase of a street-sweeper might be appropriate from the Facilities Department, but inappropriate from the School of Music's budget.

1. Miscellaneous State Budget Code Rules

a. Membership Dues – Dues may not be paid for individual employees or for the benefit of an individual employee. Membership dues paid from state funds must be for the benefit of the university and not the individual. If the university is to benefit from an individual's membership in an organization, that benefit should derive not because of the individual, but because of the individual's position with the university, regardless of who is in the position. Although a membership may be in the name of an individual, his/her membership terminates at the same time he/she terminates employment with the university or moves to another department.

b. Passports and Visas – Reimbursements for costs incurred in obtaining or renewing a passport may be made to an employee who, in the regular course of his/her duties, is required to travel overseas in the furtherance of official university business. Passport expenses are chargeable to the same fund that supports the employee's trip. The university also interprets this to mean that similar related fees or expenses such as required visas may also be reimbursed

c. Moving Expenses – A current employee's moving expenses may be paid from state funds only when they meet each of the following criteria:

- A change of residence is deemed to be in the best interests of the university, when such a change is required as a result of a promotion within the university or by a change in assignment involving the transfer of the employee for the advantage and convenience of the university. Moving expenses are not allowable for initial employment or if the employee requests the change.
- Move is accomplished within 90 days. The department head or designee may approve an extension of an additional 90 days. An extension in excess of the 180 days must be submitted to UNCOSA's Budget Office and approval obtained in writing from the Office of State Budget and Management.
- The new duty station is 50 miles or more from the existing (or prior) duty station.

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d. Payment of Awards to Employees for the State's Employee Suggestion System

State funds may be used for payments of awards under the Employee Suggestion System. Information regarding the awards program may be obtained from the Human Resource Office.

e. Immigration and Naturalization (INS) Fees – Payment of INS fees is allowable if the fees are for paperwork required of the employer and not the employee. Allowable fees include payment for the I-129, the I-140, and the I-907. Payment for processing forms (for example, I-485, I-765, and I-539) required of the prospective employees are not allowable. The expediting fee for an HIB Visa may be paid from state funds if the salary source is state funds.

f. Payments for Food/Refreshments for Continuing Education Classes/Workshops – Classes/workshops, festivals, etc. that are operated within State Budget Codes and are paid from participants' fees, there is an established procedure for payment of food/refreshments as long as it is part of the fee charged to participants. The portion of the registration fee allocated for food/refreshments must be deposited into an institutional trust fund. Payments for food/refreshments must then be made from the institutional trust fund. Under no circumstances may these payments be made directly from the State Budget Code account.

g. Scholarships – Scholarships may be paid from state funds only if they are part of a legislatively approved and separately budgeted scholarship program.

h. Promotional Items – A promotional item is an item purchased for advertising purposes to be given to an employee or non-employee. Normally, the item would have the name of a department or program on it with a message or telephone number. Promotional items paid from state funds should be minimal value and should be charged to the advertising account number 737XX0.

In the case of office supplies, which may have the name of a department printed on them at nominal cost, these items would be coded to the supplies account number.

Examples of appropriate purchases of promotional items from state funds are: Health/safety related items; example, purchase of small refrigerator type magnets or pencils with the university's emergency telephone number on them, it being in the best interests of the university and the state to ensure that the emergency number is readily available. Mission and program related items: example, purchases of pencils with UNCOSA's name and admissions number on the pencils for the university's admission office. Office supplies: with the name of a department or workshop printed on the materials so long as the cost of the printing is not excessive.

Examples of inappropriate purchases of promotional items from state funds would be: T-shirts, coffee cups, coolers, lunch bags, or other items, which would primarily be used for personal purposes and/or would have more than a nominal value. Articles of clothing or

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meal related items generally fall in this category unless they are part of a required uniform (would not then be considered a promotional item).

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2. Unallowable Purchases from State Budget Codes

There are some purchases that are not allowable from state funds. Listed below are some examples:

- a. Alcoholic beverages and “setups”.
- b. Items for personal use.
The purchase of food, coffee, tea, drinks, candy, snacks, break refreshments, etc. for consumption by employees or guests is prohibited from state operating funds under all circumstances other than those provided for under university and state travel regulations. State Budget travel regulations provide specific guidance as to allowable reimbursable expenses for meals when in travel status. State Budget regulations do provide for the purchase of refreshments for coffee breaks not to exceed \$4.50/person for meetings/conferences that are planned in detail in advance with a formal agenda or curriculum, where there is a formal written invitation to participants setting forth the calendar of events and the detailed schedules of costs, and there are twenty or more participants per day.
- c. The purchase of medications (pain relievers, aspirin, etc.) and/or medical supplies for staff/employees other than as may be required by federal or state regulations or for emergency first aid is not allowable.
- d. The purchase of microwave ovens, coffee pots, refrigerators, or related items for personal office use is not allowable.
- e. The purchase of plants or flowers (live or artificial) for decorative use in an office is prohibited, except purchases by the Facilities Department as part of campus maintenance.
- f. The purchase or framing of pictures, art, diplomas, etc. for use in a personal office for decorative purposes is not allowed. Exceptions include the framing of motivational or informational wall hangings, which are functional rather than decorative in nature.
- g. The purchase of party items or other decorative items to decorate an office for a holiday or party or general decorative use including the purchase of balloons and other like items is not allowable.
- h. The purchase of picnic tables for a department other than by the Facilities Department as part of the campus maintenance function is not allowable.
- i. The purchase of picnic items (paper plates, cups, napkins, forks, spoons, etc.) for office/employee use is not allowable.
- j. The rental of portable water dispensers and the purchase of bottled water from state funds are not normally allowable. A portable water dispenser can be rented or bottled water purchased from state funds only if there is a health/safety reason for the purchase.
- k. The purchase of gifts or flowers for an employee or non-employee is considered a personal expense and is not allowable.
- l. The purchase of get-well cards, sympathy cards, birthday cards, Christmas cards, or other holiday cards is considered a personal expense and is not allowable.
- m. The purchase of personal clothing items or t-shirts, which are not part of required uniforms, safety, related, or program related is not allowable.

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3. State Appropriated Carry-forward Funds

State appropriated carryforward funds are state operating funds which have not been expended as of June 30th of a fiscal year and have been approved to “carry forward” as budget in the next fiscal year. Expenditures of these funds follow the same guidelines as normal state appropriated operating funds except that, with the approval of the Executive Council and inclusion in the budget flexibility plan, funds may be transferred to capital improvement codes and used for repair and renovation projects. Once transferred to a capital improvement code, the carry forward funds cannot be transferred back to an operating code.

C. Institutional Trust Funds

(3-XXXXX Accounts)

Institutional Trust Funds (ITF) include a wide range of accounts as listed below:

Auxiliaries Accounts

Gift Accounts

Supplemental Operating Accounts for Chancellor, COO, CAO, Vice Chancellor, and Deans of Undergraduate and High School

Supplemental Operating Accounts for Dance, Drama, Design & Production, Filmmaking, Music

Vending Account

Interest Account

Emergency Loan Account

Scholarship Accounts

Grant Accounts

Expenditures from ITF normally follow the same guidelines used for state funds, except when used for certain program related activities as noted in the individual ITF sections below. In all ITF accounts, state funds expenditure guidelines must be followed when using the funds for staffing an office or carrying on activities, which are similar to state funded activities.

1. Auxiliaries Accounts:

- a. Food Services** – Must use state funds guidelines for administrative related operations for university employees. May purchase items falling outside the state funds guidelines for costs directly relating to the food operation service or for decorating dining facilities, and for costs related to enhancing or expanding the food service activities of the university. May also

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purchase alcoholic beverages in the event they are part of a recipe used in the Food Service catering operations.

- b. Health Services** - Must use state funds guidelines for administrative related operations for university employees. May purchase items falling outside the state funds guidelines for program activities relating to Health services.
- c. Wellness Center** - Must use state funds guidelines for administrative related operations for university employees. May purchase items falling outside the state funds guidelines for program activities relating to the Wellness Center.
- d. Housing Services** - Must use state funds guidelines for administrative related operations for university employees. May purchase items falling outside the state funds guidelines for student & program activities relating to the housing program.
- e. Campus Store** - Must use state funds guidelines for administrative related operations for university employees. May purchase items falling outside the state funds guidelines for seasonal retail display items used to enhance or promote products and for promotional giveaways (may be food related) used exclusively for the intended customer base (students, faculty, and staff).
- f. Mail Center** - Must use state funds guidelines for all expenditures.
- g. Vending** – Must use state funds guidelines for administrative related operations for university employees. May purchase items falling outside the state funds guidelines for activities relating to the support of the vending program. The net proceeds from the vending programs are spent on scholarships and other direct student financial aid program per North Carolina General Statutes.
- h. Campus Parking** - Must use state funds guidelines for administrative related operations for university employees. May purchase items falling outside the state funds guidelines for program activities relating to campus parking.
- i. One Card Administration** - Must use state funds guidelines for all expenditures.
- j. Student Activities** - (College and High School) must use state funds guidelines for administrative related operations for university employees. May purchase items falling outside the state funds guidelines for student & program activities relating to student activities. Expenditures for alcoholic beverages are prohibited. The funds may not be used to fund activities for the UUNCSA staff or staff offices which could not be purchased from state funds. No extra benefits, compensations, food, gifts, or any other items which could not be paid from State funds may be provided to an employee except where food is incidentally served to employees attending a student function.

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k. Hanes Commons - Must use state funds guidelines for administrative related operations for university employees. May purchase items falling outside the state funds guidelines for student & program activities relating to student activities. Expenditures for alcoholic beverages are prohibited.

l. Transportation - Must use state funds guidelines for all expenditures.

Student Life Special Projects - Must use state funds guidelines for administrative related operations for university employees. May purchase items falling outside the state funds guidelines for student & program activities relating to student life special projects. Expenditures for alcoholic beverages are prohibited.

Student Orientation Fee - Orientation fees are fees paid by students to fund the students' orientation program. The fees may be used for payment of normal orientation expenses including food and refreshments for student orientees, orientation training (includes training retreats), and other expenses as necessary to provide a full orientation experience for students. Expenditures for alcoholic beverages are prohibited. The funds may not be used for refreshments for university staff or other business, which is outside the confines of the retreat, orientation training programs, or orientation program.

m. Student Applause - Must use state funds guidelines for all expenditures.

n. Gift Accounts - Expenditures from gifts must be made prudently with the intent of the donor in mind and follow the restrictions set by the donor. The primary purpose of expenditures must be for the benefit of the University and therefore not for the direct benefit of the employee.

o. Supplemental Operating Trust Funds - Each expenditure of these funds must be for a **valid** university purpose. These expenditures (whether for meals, travel, lodging, entertainment, official functions, gifts, awards, or memberships etc.) must be accompanied by appropriate documentation including receipts, stated purpose of the expenditure, date, location, names of persons involved, and the approval to pay signature of the person responsible for the account.

The very flexibility associated with these funds means that determining the propriety of some expenditures will require judgment. In these cases, the prudent person test applies. The individual making the decision about the expenditure must be comfortable with the prospect that the specific expenditure would come under the scrutiny of individuals outside the university.

Expenditures that confer a personal benefit upon the individual authorizing the expenditures are not allowable. Expenditures for items such as a retirement gift or an employee award that are authorized by one individual to be received by another are allowable.

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Use of these funds for donations or contributions to non-profit organizations is not permitted unless a substantial university purpose can be demonstrated and the receipt of the donation by the organization does not threaten the tax-exempt status of the university or its foundations.

The purchase of gifts or flowers for an employee or non employee is considered a personal expense and is not allowable.

These funds should come from fund raising or interest income allocations.

- p. Interest Account** – The unallocated interest income account uses the same guidelines as **Supplemental Operating Trust Funds**.
- q. Emergency Loan Fund** – Funds for loans to students for emergency situations. Funds are recorded as receivables to be paid back by student. No other expenditure may be allowed.
- r. Scholarship Funds** – Funds for scholarships from either state or private sources. No other expenditures may be recorded.
- s. Grant Funds** – Includes pass-through, State, private, and Federal Grants. Grants must follow all state appropriated funds guidelines, sponsor specific terms, and conditions noted in the award documents unless excepted as follows.

Exceptions to the State funds guidelines must be discussed with/approved by the Senior Director of Business Affairs. . An example of an exception would include a Federal or Federal pass-through sponsor specifically allowing for the payment of travel expenses at a Federal per diem rate (for example, for foreign travel) or allowances for food costs for seminars or workshops associated with the objectives of the award.

Grants may also be subject to Cost Accounting Standards (CAS) set forth in OMB Circular A-21. Cost Accounting Standards and other guidelines in Circular A-21 are applicable to Federal and Federal pass-through awards as well as any other external funds referencing Circular A-21 and/or CAS in their terms and conditions.

D. Funds on Deposit with Private Banks:

- 1. **Board of Trustees of the Endowment Fund** - Must use state funds guidelines for administrative related operations for university employees. May purchase items falling outside the state funds guidelines for entertainment and travel with Senior Director of Business Affairs. . The primary purpose of the expenditure must be for the benefit of the university and not for the direct benefit of an employee.

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2. **Agency** – This category includes funds held by the university as fiscal agent for student, faculty, and staff organizations where it has been deemed in the best interests of the university to provide an accounting service. These funds do not belong to the university and the university does not determine what they can be spent for except:
- The university requires a formal process to ensure, to the extent possible, that funds in these accounts are not misused.
 - The funds should not be spent for any purpose, which would be detrimental to the image of the university.

The university does not require the custodian of an agency fund to utilize university travel and/or purchasing regulations or guidelines for expenditures of funds except that adequate documentation is required to ensure that an authorized person is initiating an expenditure request.

The majority of agency accounts are student organizations accounts or clearing accounts utilized by the UNCSA Controller's Office.