

UNCSA

***ACCOUNTS PAYABLE
POLICY AND PROCEDURES
Revised 11/22/16***

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

| | <u>Page</u> |
|--|-------------|
| Section 1 – Introduction to Accounts Payable | 1 |
| Section 2 – Authoritative References for Disbursing State Funds | 2 |
| Section 3 – Disbursement Policy | |
| A. Adequate Documentation | 3 |
| B. Approval for Payment | 3 |
| C. Receipt of Goods and Services | 4 |
| D. Account Classification | 4 |
| E. Allowable and Eligible | 4 |
| F. Net of Credits | 4 |
| G. Purchase and Contract Regulations | 4 |
| H. Separation of Duties | 4 |
| I. Invoice Processing | 5 |
| J. Check Writing Schedule | 5 |
| K. Check Processing | 5 |
| L. Voided Checks | 5 |
| M. Direct Deposit Schedule | 6 |
| N. Disbursement Types | 6 |
| Section 4 – Tax Reporting Policy | |
| A. 1099 Miscellaneous Tax | 7 |
| B. Sales Tax | 7 |

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

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. 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).

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

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 \(OSBM\)](#)

[OSBM Library](#)

Includes the OSBM Budget Manual and any applicable Budget Memos

[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.

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

Section 3 – Disbursement Policy

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, P-Card 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 Policies 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 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. Approval for Payment:

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

UNIVERSITY OF NORTH CAROLINA SCHOOL OF THE ARTS

Accounts Payable Policies and Procedures

- 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 Chief Financial Officer or designee. Failure to have these purchases preapproved will result in denial of reimbursement.
- Capital Improvement fund payments must be approved by the Special Funds Accountant.
- 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. Each department is responsible for receipting of goods electronically through the Banner App Receiving Mailbox.
- AP processing will be done electronically through the Banner AP System, which matches purchase order, receiving document, 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 (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 does monitoring of allowable and eligible 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 the [UNCSA's Purchasing Guidelines](#).

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).
- Invoice processing and check signing.
- Check approval and any of the aforementioned duties

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

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 paper copy of the invoice to prevent duplicate payments.

J. Check Writing Schedule:

- Wednesday:
 - Checks are printed in AP by 10:00 a.m. (Check write days may change due to special circumstances such as month-end close, holidays, etc.)
 - Funds are requisitions from the Office of the State Controller (OSC) prior to 10:30 a.m.
 - OSC approves UNCOSA's available cash by 3:30 p.m. the same day, depending on circumstances including month-end closing.
- Thursdays:
 - AP releases checks to vendors or employees by 2 p.m., 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 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, voiding checks in the Banner AP System, and stopping and/or deleting the check in the State Treasurer's Positive Pay System for State (ST) and Institutional Trust Funds (IT).

UNIVERSITY OF NORTH CAROLINA SCHOOL OF THE ARTS

Accounts Payable Policies and Procedures

M. Direct Deposit Schedule:

- Wednesday:
 - Direct Deposits are initiated in AP by 10:00 a.m. (Direct Deposits may change do to special circumstances such as month-end close, holidays, etc.)
 - Funds are requisitions from OSC prior to 10:30 a.m.
 - Direct Deposits are initiated in Core Banking by 10:30 a.m.
 - OSC approves UNCOSA's available cash by 3:30 p.m. (or later depending on circumstances.)
- Thursday
 - Direct Deposit file is loaded at or before 10 a.m.
 - AP cannot release direct deposits until OSC approves that cash is available. 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. All purchases for goods and services are to be initiated with a purchase requisition (on-line or manual) except for travel and utility payments.
- **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 App Receiving Mailbox...
- 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.

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

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 Department 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 |
| 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 Department of Procurement, Contract, and Auxiliary Services for UNCSA's sales tax exemption number.