

# JACKSON STATE UNIVERSITY

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ACCOUNTS PAYABLE

Division of Business and Finance

**IMPORTANT:** This policy is not all-inclusive, nor does it address every situation that may arise. Its sole purpose is to help prevent some of the more common mistakes related to general payments and disbursements.

These policies will provide guidance in governing all disbursements of University funds, except those for salaries and wages, and the appropriate usage of various payment methods.

The Accounts Payable homepage is located at <http://www.jsums.edu/finance/accounts-payable/>, where you will find important Accounts Payable information, answers to common questions, directions to the office and staff contact information. A unit within the Business Office, located in B.F. Roberts Hall on the main campus of Jackson State University. All correspondence may be mailed to the following address:

Jacksons State University  
Accounts Payable Department  
P.O. Box 17159  
Jackson, MS 39217

To serve Jackson State University by processing payments to vendors in a prompt and efficient manner while ensuring compliance with laws, policies, procedures, rules and regulations.

Provide prompt customer service and on-going education of policies and procedures to the University and vendors. The Accounts Payable department is responsible for issuing payments for all vendor invoices.

The Accounts Payable Procedures Manual contains the procedures, and best practices applicable for the payment to vendors.

Jackson State University may amend this policy without notice. It is intended to provide guidance regarding the administration of Accounts Payable at Jackson State University in accordance with State and Federal laws and does not give rise to any contractual rights. Should there be a conflict between the content of this policy and state or federal statute, statute shall subjugate, having full precedence.

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## DEFINITIONS

**Accounts Payable** – Debts resulting from the receipt of goods or services on credit or an open account. An accounts payable transaction exists when goods or services have been received from a vendor, but payment has not been rendered.

**Advance Payment** – Payments made to a vendor prior to the receipt of goods and/or services (Prohibited)

**Automated Clearing House (ACH)** – A secure payment transfer system that connects all U.S. financial institutions. The ACH network acts as the central clearing facility for all Electronic Fund Transfer (EFT) transactions nationwide.

**Cash Disbursements** – The dispensing of payment for expenditures.

**Employee Reimbursement** – payment issued to an employee for expenses incurred in connection with authorized University business.

**Invoice Discrepancies** (Invoices that do not reference a purchase order number, reference an invalid number, commodities or other non-compliance.

**Positive Pay** – best-practice deterrent to check fraud requiring a reconciliation of a company's issued checks presented for payment to the bank prior to the releasing of check to vendor.

**Refund** – repayment owed by the University to the original payee when an overpayment has been made or a deposit has occurred (student refund).

**Reimbursement** – is a payment made to an individual for personal funds expended. Reimbursements are limited to non-inventorial tangible goods.

**Stop Payment Request** – A directive given by the University to the bank on which a particular check is written, that calls for the bank not to honor the check when it is presented for payment.

**Three-way Match** – Validation of an invoice by matching it to an invoice, purchase order and a receiving document.

**Unauthorized Purchases** – Orders placed by telephone, on-line, opening bank (credit or debit) cards, or walk-in orders in the University's name by personnel who are not authorized to do so or not supported by a University purchase order.

**Wire Transfers or Wire Fund Payment** – A method of payment in the form of electronic transfer of funds (EFT) / a wire transfer is faster than ACH, but more expensive. A wire transfer will only be utilized in payment of an obligation of the University when the situation requires immediate funds to settle a transaction.

## ACCOUNTS PAYABLE POLICIES & PROCEDURES

### OFFICIAL POLICY STATEMENT

The Accounts Payable Office, a unit within the Business Office, is responsible for the processing of payments for goods and services provided to the University on credit in the ordinary course of business. Monies are only expended for reasonable and appropriate goods or services necessary to accomplish the mission of the University. No payments are to be made unless there is money in the Treasury legally allocated for such payments, and until the Accounts Payable Department has been presented with the appropriate supporting documents/ invoices, which have been reviewed and found to be correct. Accounts Payable is charged with ensuring that the guidelines as stated in this policy are properly adhered to by all University personnel and departments.

### POLICY PURPOSE

It is important that the University maintain a positive reputation regarding the stewardship of all monies, whether public, federal or privately provided. It is also recognized that it is equally important that sound fiscal processes be in place that will address the needs of the University community in an efficient and effective manner. While it may not be all inclusive, the advantages of having this written document are

- Better educated employees
- Clear performance standards
- Assurance of legal compliance

The University promotes effective controls to ensure the protection of assets, accurate financial reporting and effective use of resources. These policies are issued as a security measure regarding the disbursement of University funds associated with Accounts Payable (AP) transactions.

### SCOPE

The information stated in this policy pertains and applies to all employees, departments and funding sources of the University. Applies to all vendors, contractors and other third parties requesting payment for goods and services provided to JSU and employees requesting reimbursement for local mileage, travel and approved expenses.

### EMPLOYEE ADHERENCE

Employees are expected to adhere to these guidelines. Willful disregard of this policy shall be considered non-compliance and may result in a formal reprimand up to and including termination.

## **MAIL PROCESSING DAILY**

Incoming Mail - Mail addressed to the Business Office is delivered directly to the receptionist. The receptionist has the responsibility to open, date stamp and deliver all incoming mail. Mail identified for Accounts Payable is distributed to the Accounts Payable office/ staff member. Mail is then sorted into alphabetical groups (A-H) (I-O; UMB Bank and Sodexo) and (P-Z); and distributed to the appropriate Accounts Payable Clerk for processing.

## **INVOICE MANAGEMENT**

The invoice is treated as a legal document that represents a commitment to make payment to a vendor who has delivered a product or rendered a service to the University. A valid invoice must be provided before the processing of an accounts payable disbursement. If an invoice is forwarded directly to a department other than Accounts Payable, payment may be delayed. If the department receives the vendor invoice, it should be sent to the AP office immediately referencing a current and applicable purchase order number for the invoice. Vendor invoices which does not reference a JSU purchase order number, will be returned to the vendor with a letter (emailed whenever available) indicating it cannot be processed. This may further delay payment.

## **ADEQUATE INVOICE DOCUMENTATION**

Disbursement shall only be made from original source documentation, such as invoices, contracts, and request for payments (Payroll Liabilities), which sufficiently describe the purpose of the disbursement. Documentation must originate from outside the University. Therefore, proper documentation is required for all disbursements. Documentation should include the date of the transaction, the vendor/service provider's name, the total cost, and an itemized list of the goods or services obtained with a cost for each item. Payments to vendors should be supported by original invoices received from the vendor. Vendors should be requested to forward invoices directly to the Accounts Payable Department [accountspayable@jsums.edu](mailto:accountspayable@jsums.edu) or by snail mail at P. O. Box 17159 Jackson, MS 39217. Payments are NOT made from vendor statements recapping previously issued invoices.

## **INVOICE PROCESSING**

When invoices are received by AP, they are stamped immediately. All invoices are reviewed for Purchasing Compliance, if invoice is deemed in compliance, then AP will proceed with the processing and the following steps are then taken:

- Invoice is researched and matched to the authorized purchase order
- Invoices are completed in the Banner system; automatically forwarded approval
- Invoice must be approved by department
- Invoices are filed until payment is processed
- Invoices processed for payment are attached to a copy of the check
- Invoice are scanned and filed by date by the Check Disbursement Clerk

## **INVOICE DISCREPANCIES**

All invoices must match the purchase order 100%; if there is a discrepancy or price difference the buyer and/or department contact is notified via email to correct the purchase order or advise otherwise. Invoices received that do not match the purchase order in quantity or cost will not be paid until resolved. If the ordering department disagrees with the amount being invoiced, it is the department's responsibility to contact the vendor and resolve the issue. Invoices that do not reference a purchase order number, reference an invalid number, commodities are other non-compliance and will not be processed

## **FINAL INVOICE APPROVAL**

Invoices are inputted into the Banner system by an AP clerk. The invoice is assigned a system generated invoice number. The chair of the department is notified via email that an invoice is ready for approval. The chair of the department must log into JSU PAWS and electronically approve the invoice. Disbursements of funds occur only after system generated invoices have cleared this final approval.

## **INVOICE PROCESSING**

Three-way Match- Regular Orders

Regular Purchase Orders are only paid when a three-way match between the PO, Invoice and Receiving Document exists in the Banner system. Departments are required to ensure that a Banner Receiving Document is processed for all shipments received against Regular Purchase Orders in order to authorize payment to the vendor. If all criteria are met for the three way match, the invoice is completed and forwarded for department approval. Once the invoices is approved and posted a check is generated.



## Two-way Match – Standing Orders

Standing Purchase Orders do not require a Banner Receiving Document. The invoice will only be paid after accounts payable completes the invoice and the department chair electronically approves the invoice via JSU PAWS.

## Consultant Contract

Payments are made to consultants (non JSU employees) from Approved consultant contracts and approved Purchase Orders. An approved consultant invoice must be forwarded to Accounts Payable who is responsible for entering the invoice into Banner. The chair of the department must electronically approve the invoice via JSU PAWS. Consultant payments will be scheduled for payment according to the pay schedule as outlined in the consultant contract.

## Direct Payment

Direct Pay is the payment of goods and/or services that do not require a purchase order in accordance with the State of Mississippi purchasing laws and regulations and the University established guidelines. The following invoiced expenditures may be submitted via the Requisition for Purchase Form for direct pay:

- Imprest Fund/Petty Cash reimbursements
- State and local taxes
- Payroll liabilities i.e. annuity payments, insurance payments, employee benefits, etc.
- Super Card vendor payments

## **TERMS, DISCOUNTS, AND CREDITS**

State law requires that the University receive an original invoice from the vendor and that payment of the invoice is processed within 45 days of receipt (MS Code 31-7-305). When a vendor invoice reflects a credit, it is generally the University's policy to request a refund of the credit from the vendor. However, if the vendor is frequently used, a credit memo is processed and entered as an invoice bearing a negative balance and will subsequently apply against future charges.

Credits issued to the University in the form of a check are deposited to the appropriate expense account offsetting the original expense recorded.

## **ADVANCE PAYMENTS**

Advance payments are processed only to individuals traveling for official University business with accompanying student (MS Code 25-1-79).

## **CHECK VERIFICATION**

Invoice payments are verified on a rotation schedule between the Accounts Payable staff. A check and supporting documentation cannot be verified by the employee who originally input the invoice data for payment.

## **CHECK DISBURSMENT**

The University's has two official payment methods – Automated Clearing House (ACH) disbursements and checks. Once a check has been processed and electronically signed, it becomes a negotiable instrument that may be cashed by the recipient. All paper vendor checks are mailed directly to the vendor's address as shown on the invoice and may NOT be picked up by the vendor. All ACH payment batch files are reviewed and approved by authorized personnel prior to releasing the file to the bank for payment distribution. The person initiating the payment file must be independent of the person completing the transfer of the payment file to the bank. Recipients are notified via email notifications.

## **ACH PAYMENT FILES**

All ACH payment batch files are reviewed and approved by Accounts Payable prior to uploading to the bank for payment distribution.

## **POSITIVE PAY**

All Banner paper checks must be submitted through the Positive Pay system before mailing. Positive Pay is setup on the JSU Disbursement account and the JSU Student Refund account. Each day when JSU issues checks from the Accounts Payable or Payroll system, a file listing payee names, check amounts, check numbers and issue date of checks is created by Evisions. This file is sent to Bank Plus on the date the checks were issued. Bank Plus loads this file into their Positive Pay system.

## **FORM W-9**

To help ensure that the information reported on a Form 1099-M matches the information on file with the IRS, the University is required to have every individual and unincorporated business that received payment during the year complete a Form W-9. A completed Form W-9 must be on file before issuing a check regardless of amount. Having the completed form on file eliminates problems with meeting filing deadlines and will help avoid reporting erroneous information to the IRS. [\(Add link to W9\)](#)

## FORM 1099-MISC REPORTABLE TRANSACTIONS

Federal regulations require that Form 1099-MISC be sent to each person or company (other than corporations), to whom the University has paid as least \$600 in rents, services (including payment for parts and materials) prizes and awards, legal services or medical and health care payments. 1099-M payments are Tax Reportable payments, and are payments to individuals or businesses for service such as lectures, consulting, entertainment, awards, honorarium, labor, etc.

The corporation exemption does not apply to medical corporations for payments of medical or health care services or to legal corporations for payment of legal services. Gross proceeds paid in connection with legal services should be reported regardless of amount. The IRS has determined that parts and materials do not have to be reported if the vendor is in the business of selling parts or materials.

Vendors that are 1099-M reportable include:

- Individuals (non-employees)
- Sole Proprietors (including doctors and attorneys)
- Partnerships
- Limited Liability companies filing as partnerships
- Medical and healthcare corporations (for services rendered)
- Legal corporations

Vendors that are not 1099-M reportable include:

- Federal and state government agencies
- Tax exempted vendors
- Foreign individuals and companies
- Limited liability companies filing as a corporation

## STOP PAYMENTS

A stop payment request will be issued for checks reported as lost or stolen after 10 business days from the print date. If a reissued is requested, an Accountant in the Business Office must first verify that the check has NOT cleared the bank before a reissue can be processed. The bank fee will be charged to the requesting department (**Without Exception**).

## CANCEL CHECK REQUEST

Checks are only cancelled for physical checks returned to Accounts Payable or if a stop payment been issued. Reasons for canceling a check may include stale date, incorrect amount, lost/destroyed. The check should be marked Voided and the signature sections of the check defaced or cut away from the check. The check will be canceled by a Business Office Accountant.

## **RECORD RETENTION**

All payments processed by the Business Office will be accompanied by the necessary backup and supporting documentation and filed in the Business Office. These records are subject to periodic internal audit and are made available to all external auditors as requested.

## **ALLOWABLE & UNALLOWABLE EXPENDITURES**

These policies and procedures define allowable and unallowable University expenditures. These criteria apply to both procurement of supplies, materials, equipment and contractual services, and to the reimbursement of employees for business related expenses. Any exception to this policy, which is not otherwise provided for, must be approved in advance and in writing. Uses of University funds for the following are prohibited

- Fines
- Expenditures of any type for personal benefit
- Maintenance and upkeep of privately owned vehicles
- Payment for membership in community and business organizations
- Purchase of personal gifts
- Gift Cards
- Purchase of holiday decorations
- Political and charitable contributions
- Office refreshments (including coffee makers, food and beverages)
- Personal items stolen from University buildings
- Contracts with firms in which individuals are employed who were University employees within the preceding 12 month period
- Entertainment of University employees
- Tuition for University credit courses, books, school supplies or other related items
- Purchase of alcoholic beverages
- Payment for goods or services not received
- Purchase of work clothes or the cleaning, alteration or repair of work clothes
- Family member's meal and hotel

## **UNALLOWABLE REIMBURSEMENTS**

Employees are never paid as a consultant, speaker or for services through Accounts Payable. This must be reviewed by Human Resources and the payment must go through Payroll.

## **TAXES**

Jackson State University is exempt from paying sales tax in the State of Mississippi, under the provision of MS Code 27-65-105.

## **DEPOSITS TO HOTELS FOR MEALS & LODGING**

Often, a hotel will require a deposit when reserving its facilities (banquet or lodging) for a large student group. If the vendor does not accept purchase orders and requires a deposit payment, the department should prepare the Purchase Requisition and denote in the comments the deposit requirement. Deposits for employee lodgings are not allowed.

## **INAPPROPRIATE USE OF FUNDS**

Please see Allowable & Unallowable Expenditures

## **GIFT CARD PURCHASES**

Gift cards cannot be purchased with university funds. Gift cards may be purchased with grant funds, but must be specifically listed in the budget and approved by the funding agency.

## **REIMBURSEMENT: Employee Reimbursement**

All purchases should be made on Purchase Order. If a vendor will not accept a PO and the Employee must use personal funds original itemized receipts must be submitted for reimbursements. Please keep in mind that purchases for equipment, services and state contract items must be paid for from a purchase order. Any items purchased by an employee that should have been processed on a PO will be returned to the department.

## **MISSING RECEIPTS**

In cases where a receipt is not available when submitting a request for reimbursement, a missing receipt affidavit must be submitted. The Missing Receipt Affidavit must be completed for processing an employees' request for reimbursement for missing receipt.

This form must be signed by both the individual and authorized approver when a copy of the receipt is unobtainable. Use of the Missing Receipt Affidavits, rather than original receipts, may cause the processing of reimbursement requests to be delayed or denied depending on the situation.

If missing receipts occurs on a regular basis, the University reserves the right to refuse payment of future reimbursements. Please note that other proof of payment if available (e.g. credit card statement, bank statements, cancelled check, etc.) may be provided. The Missing

Receipt Affidavit may not be used for the lost airline tickets, car rental receipts, hotel lodging or registration receipts since a duplicate receipt may be obtained for these expenses.

## **HIRING AND MOVING EXPENSES**

To be eligible for reimbursement, new employees must move a minimum of 50 miles from their present home within the first year of hire and have a reasonable expectation of remaining in their position for longer than one year. Employees relocating must obtain prior approval for all arrangements and expenses from the Office of Human Resources, which also sets the dollar limit for reimbursement of specific and various out-of-pocket expenses.

Federal law requires the University withhold on and report such amount to the Internal Revenue Service (IRS). To request reimbursement for various out-of-pocket expenses incurred, the employee must email all original or scanned and/or signed receipts. Reimbursement may include the cost of meals including tips, lodging, transportation, car rental and other necessary and reasonable living expenses, not to exceed three calendar days. The University will reimburse for mileage at its current flat rate. Alcoholic beverages are not reimbursable.

## **WIRE TRANSFERS**

Wire transfers must be supported by an official University purchase order and invoice. The invoice must be completed and approved by accounts payable and the appropriate College Dean prior to submitting to the Treasurer for processing. The requestor must allow the Treasurer 48 hour for confirming the processing.