ACCOUNTS PAYABLE POLICIES AND PROCEDURES

Policy Statement

This policy provides guidance governing all disbursements of university funds, except those for salaries and wages, and the appropriate usage of various payment methods.

Reason for Policy/Purpose

This policy is required for the effective communication of university policies regarding accounts payable.

Who Needs to Know This Policy

All members of The University of Southern Mississippi community who use accounts payable services.

Website Address for this Policy

www.usm.edu/institutional-policies/policy-adma-pur-001

Definitions

Policy/Procedures

Accounts Payable is responsible for auditing and processing accurate and timely payments to vendors and individuals. Checks are written and mailed once weekly. Accounts Payable staff works directly with departments and vendors to ensure proper policies and procedures are followed. The payment process involves application of credit memos, reviewing vendor
statements, resolving discrepancies and providing customer service. Accounts Payable maintains records of all checks and backup documentation.

CODE OF ETHICS

USM has been entrusted with funds to fulfill its mission of education and research, and is committed to conducting its business under the highest ethical standards. All university faculty and staff, under the leadership of its officers, are obligated to ensure that university funds are used for mission-related purposes, and are expected to exercise their responsibilities with integrity, following ethical business practices.

NEW VENDORS

Procurement Services require new vendors to complete a Vendor ID Request and a W-9, Request for Taxpayer Identification Number and Certification. A W9 is required for all individuals (including undergraduate and graduate students) for services. PAYMENTS WILL NOT BE MADE UNTIL THE FORMS HAVE BEEN RETURNED TO PROCUREMENT SERVICES FOR PROCESSING.

Also refer to the Vendor Maintenance Procedures for New andExisting Vendor EPLS verification.

Required information:
- A permanent address must be provided for mailing a 1099 to the individual.
- New Vendor – Vendor ID Request Form available from Purchasing: https://www.usm.edu/procurement-contract-services/purchasing-forms

NEW INTERNATIONAL VENDORS

The department is responsible for getting all the relevant information needed to set up an International Vendor. The Foreign Corporation Information Form should be e-mailed to the vendor before any services are performed or goods are purchased. The department should then forward the completed document to Vendor Maintenance in the Procurement office. They will in turn forward it to the Tax Compliance office who will notify the department of additional IRS forms needed before the vendor can be set up in our system.

Forms needed are available at https://www.usm.edu/procurement-contract-services/accounts-payable-forms-and-instructions:
- Foreign Corporation Information Form
- Form W-8BEN (Certificate of Foreign Status of Beneficial Owner)

ACCOUNT CODES

For a list of proper account codes go to http://www.usm.edu/controllersoffice/designatedfunds.html
CHECK PROCESSING AND ISSUANCE
Checks are mailed each week on Friday morning unless there is a holiday or weather-related university closure. Entering of invoices is always stopped 1 day prior to mailing checks to allow time for the payments to be processed, printed, sealed and sorted.

If the department has indicated “IN ADVANCE” on the PO or the Remittance Voucher that the check needs to be picked up, they will be contacted by A/P when the check is ready on Friday before noon.

Vendors are NOT allowed to pick up checks in Procurement Services.

Reimbursement checks for employees cannot be picked up without prior approval. All reimbursement checks to employees will be mailed to their department.

Important Reminder: Entering invoices always stops 1 day prior to mailing checks. If a holiday falls on Friday, checks are mailed on Thursday mornings so entry work is stopped Wednesday mornings to allow time to complete the process.

PURCHASE ORDERS, PAYMENT OF

USM Purchasing Department web site - www.usm.edu/procurement/purchasing.html

Goods or services purchased against a Purchase Order are processed and paid on a PO voucher when the PO is released for payment and an invoice is received by the Accounts Payable Department. The following should be paid by a PO unless otherwise noted:

- Supplies (May also be purchased using the Procurement Card)
  - State Contracts for supplies should always be checked before ordering. The Procurement Card can be used with prior approval from the PCARD Manager.
- Dues (May pay for by Procurement Card or be reimbursed by Employee Reimbursement Voucher)
- Abstracts (May pay for by Procurement Card)
- Memberships (May pay for by Procurement Card)
- Independent contractors (Combined departmental payments totaling $1,000 or greater during the calendar year) – Personal Service Agreement Required from www.usm.edu/controllersoffice/Independent_Contractors.html
- Entertainment contracts (Combined departmental payments totaling $1,000 or greater during the calendar year) – Personal Service Agreement Required from www.usm.edu/controllersoffice/Independent_Contractors.html
- Speaker fees to non-employees (Combined departmental payments totaling $1,000 or greater during the calendar year) – Personal Service Agreement Required from www.usm.edu/controllersoffice/Independent_Contractors.html
- Equipment
- Cell phones (Prior to purchase)
- Monthly cell phone bill (Prior to Purchase)
• Advertisements (May NOT be purchased using the Procurement Card unless the vendor does not accept purchase orders, and prior approval from the PCARD Manager must be obtained; tear sheet must be attached to invoice.
• Computer software if you are signing a License Agreement
• Computer hardware
• Equipment rental over $5,000 (under $5,000 may be paid with Procurement Card)
• Insurance (May be paid for with a Remittance Voucher)
• Airline tickets for non-employees
• Hotel and motel reservations for non-employees
• Printing
• Food
• Subscriptions/publications (May also be purchased using the Procurement Card)
• Space rental at conferences/conventions (May also be purchased using the Procurement Card. **NOTE:** If this includes Registration, it must be processed through Travel and cannot be paid on a PO or Procurement Card.)
• Reprints of journals (May also be purchased using the Procurement Card)
• Admission or entry fees for student trips (May be paid by Procurement Card)
• Services over $5,000

For proper account code go to www.usm.edu/controllersoffice/designatedfunds.html

A Purchase Requisition will need to be submitted, with the employee as the vendor, for reimbursement of any items purchased by the employee that should have been processed on a PO.

INVOICES RESULTING FROM A PURCHASE ORDER

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 (Miss Code 31-7-305). The invoice should be on the vendor’s letterhead and/or include an original vendor representative signature. Should the department receive the invoice, please reference the Purchase Order number (if not provided) and forward to Accounts Payable, 118 College Dr., #5104. All invoices not paid within 45 days could result in a one and one-half percent (1-1/2 %) monthly late fee.

Once invoices are in the A/P office, they are date stamped and separated. All invoices are divided between two Accounts Payable payers; once the payers receive the invoices, they are audited thoroughly for obvious errors and problems such as original invoices, reference to purchase orders, goods received, departmental approval, etc. When an invoice has met all the requirements, it will be processed for payment. Allow a minimum of two weeks for processing. In order to minimize the risk of making duplicate payments, original invoices are required for all types of payments (Miss Code 7-7-27). Copies of invoices, faxes and emails are not considered original and will not be accepted.

If a Purchase Order has been issued to pay a deposit or an initial payment with subsequent payments to follow, the same Purchase Order cannot be used to pay the additional payments due the vendor UNLESS the additional payment requirements are included on the Purchase Order.
When a Purchase Order has been issued that has incremental payment requirements, we request the department’s assistance in monitoring a timely release of payments. Again, we request that the department forward any notices prompting a payment release or invoices for an installment payment that is due to Accounts Payable, #5104.

VERIFICATION OF GOODS RECEIVED OR SERVICES RENDERED

The department must verify receipt of items purchased on a PO. Accounts Payable CANNOT process payment until verification of goods received have been reflected on the PO.

Departments now have the ability to receive items in SOAR-FIN. Go to the RECEIVING document for instructions on marking items as received.

REMITTANCE VOUCHERS

Payments that do not require a Purchase Order and can be processed on a Remittance Voucher:

- Stipends – 605180
- Nontaxable Stipends (reimbursements for expenses) – 605181
- Honorariums to non-Employees – 605122
- Non-employee speaker fees, entertainment and independent contractors (being paid less than $1,000 for the calendar year). Payments totaling $1,000 for a calendar year requires a Personal Service Agreement.
- Items on contract (leases & land purchases)
- Postage – 605210
- Freight
- Awards, non-employee – 605140
- Award, student – Contact Financial Aid
- Awards, student employee – Contact Human Resources
- Awards, employee – Contact Human Resources
- Refunds and reimbursements to non-employees (including travel expenses)
- Legal (605760), audit (605730) and other professional fees
- Registration workers (non-employees)
- Athletic officials for athletics and intramurals (non-employees)
- Entertainment expenses – 606440. Please refer to HOSPITALITY POLICY - ENTERTAINMENT & MISC. EXPENSES for allowable expenses.
- Employee recruitment expenses – 605860
- Fuel for USM vehicle – 606210
- Fuel reimbursement for non-employee using personal vehicle – 605181 or 605780 or 605890
- Fuel reimbursement for employee using personal vehicle – Complete a Travel Voucher at https://www.usm.edu/procurement-contract-services/travel-forms-and-instructions

Sponsored Programs Administration (SPA) must approve all Remittance Vouchers being paid from a contract or grant before being processed in Accounts Payable.
The signatory officer responsible for the funds must approve the Remittance Voucher.

In order to minimize the risk of making duplicate payments, an original itemized invoice is required for all types of payments. Copies of invoices, faxes and emails are not considered original and will not be accepted. Documentation required for reimbursement may include the following:

- Original itemized receipts
  AND
- Copies of canceled check (front and back) or bank statements that provide details of paid checks OR credit card slips or statements
- Consult A/P for questions on other forms of documentation that may be approved

Once Remittance Vouchers are received, they are audited thoroughly for obvious errors and problems such as chartfield strings, signature approvals, original invoices, etc. Once a Remittance Voucher has been audited and is deemed an allowable expense, it is processed.

One payer processes all the Remittance Vouchers and Employee Reimbursement Vouchers; allow at least two weeks for processing of a Remittance Voucher. Should there be extenuating circumstances that require the check to be issued sooner, reference the date needed in special instructions and hand deliver to the Accounts Payable Manager.

Form Needed: Remittance Voucher from https://www.usm.edu/procurement-contract-services/accounts-payable/forms-and-instructions

REIMBURSEMENT: NON-EMPLOYEE

Reimbursements for Independent Contractors, Honorariums, Stipends, Athletic Umpires, Internationals individuals:

Reimbursements for Employee Recruitment and Interviews
(All original documentation is required.)
When documentation is required for reimbursement it may include the following items:
- Airline ticket documentation must be ONE of the following:
  o The original passenger receipt that accompanies the hard copy of an E-Ticket or a ticket issued by a travel agency.
  o An email or computer printout that reference the amount of the ticket, form of payment and that it is a non-refundable ticket. It will usually be called the Passenger Receipt and Itinerary page.
  o Copy of credit card statement reflecting payment.
- Original itemized receipts
- Copies of canceled check (front and back) or bank statements that provide details of paid checks
- Credit card slips or statements
Consult A/P for questions on other forms of documentation that may be approved

Form Needed: Remittance Voucher from https://www.usm.edu/procurement-contract-services/accounts-payable-forms-and-instructions

REIMBURSEMENT: EMPLOYEE REIMBURSEMENT VOUCHER

All Purchases should be made on a Purchase Order or Procurement Card. If the vendor will not accept a PO or Procurement Card as a payment option and the employee must use personal funds, an Employee Reimbursement Voucher with the original itemized receipts must be submitted for reimbursement.

Please keep in mind that purchases for equipment, services, and state contract items MUST be paid from a purchase order. The Employee Reimbursement Voucher will be returned to the employee; a PO is required.

Any items purchased by an employee that should have been processed on a PO will be returned to the department. A Purchase Requisition will need to be submitted with the employee as the vendor for reimbursement.

Once an Employee Reimbursement Voucher has been received, they are audited thoroughly for obvious errors and problems such as chartfield strings, signature approvals, original invoices, etc. Once an Employee Reimbursement Voucher has been audited and is deemed an allowable expense, it is processed.

One payer processes all the Remittance Vouchers and Employee Reimbursement Vouchers; allow at least two weeks for processing of Remittance Voucher. Should there be extenuating circumstances that require the check to be issued sooner, reference the date needed in special instructions and hand deliver to the Accounts Payable Manager.

Employees CANNOT approve their own reimbursements. Approval must be acquired from their immediate supervisor.

Form Needed: Employee Reimbursement Voucher from https://www.usm.edu/procurement-contract-services/accounts-payable-forms-and-instructions

REIMBURSEMENT: EMPLOYEE MOVING EXPENSE

For New Employee Moving Policy, see www.usm.edu/institutional-policies/policy-adma-pur-000-004.

Submit reimbursements on an Employee Reimbursement Voucher for moving expenses with all original receipts. Attach a copy of the offer letter referencing the approved moving expense amount.

Approved Employee relocation expenses account 605865
Form Needed: New Employee Moving Reimbursement Form at https://www.usm.edu/procurement-contract-services/accounts-payable-forms-and-instructions

IMPORTANT INFORMATION ABOUT CELLULAR PHONES

Any types of reimbursement for expenses of wireless communication devices are not allowed.

During the 2006 regular session the Mississippi Legislature enacted amendments to laws that will impact the usage of all personal wireless communication devices for business use by state employees. Under the law a wireless communication device is a “cellular telephone, pager or a personal digital assistant device having wireless communication capability.” (Senate Bill 2398 to amend Mississippi Code of 1972, Section 9-3)

Effective August 1, 2007, The University of Southern Mississippi will be precluded from providing an allowance or reimbursement, full or partial, for the usage of personal wireless communication devices. The university is also precluded from the purchase of such devices.

BUSINESS RELATED EXPENSE

The business of the university requires that some on-campus entertainment expenses be incurred. These expenses should be for university business only. All transactions involving entertainment expenses must have the following documentation:

- a statement of purpose for the expense, as well as the benefit to the university provided. (General phrases such as Entertainment Expense and Business Lunch are not adequate explanations and will be returned, thereby delaying processing.)
- a list of all persons in attendance, including their relationship to the program to be benefited and any other relevant details
- the date, time and place of the entertainment
- approval of the appropriate signature authority

NOTE: Accounts Payable reserves the right to request itemized receipts at any time, under any circumstance or when deemed necessary.

Submit expenses on a Business-Related Expense Form and attach it to an Employee Reimbursement Voucher.

Expenses code: Food for People – 606440

Forms Needed: Employee Reimbursement Voucher AND Business Related Expense Form from https://www.usm.edu/procurement-contract-services/accounts-payable-forms-and-instructions

PETTY CASH

Please refer to the Petty Cash Policies and Procedures at www.usm.edu/institutional-policies/policy-adma-pur-000-016.
If you have questions regarding petty cash procedures, please call Procurement Services at 266-4131.

GIFT CARD PURCHASES

Please refer to the Office of Tax Compliance Gift Card Policy at www.usm.edu/institutional-policies/policy-adma-pur-000-013.

PAYMENTS TO INDIVIDUALS

For further information, please refer to the Office of the Controller Policies for Payments to Individuals at www.usm.edu/institutional-policies/policy-adma-pur-000-014.

PAYMENT TO A RETIRED STATE EMPLOYEE

Any payments made to a retired state employee must be approved by PERS before payment can be made. A Personal Service Agreement must be completed.

PAYMENT TO A STATE, NON-USM EMPLOYEE

All payments must be processed through Human Resources. All travel must be processed through the Travel Department.

INDEPENDENT CONTRACTORS AND PERSONAL SERVICE AGREEMENTS

A Personal Service Agreement should be completed when hiring an independent contractor. The form can be downloaded from the Controller's Office website at: www.usm.edu/controllersoffice/Independent_Contractors.html. It will need to be completed and sent to the Tax Compliance Officer in the Controller's Office before it is sent to Purchasing before work commences.

If the individual renders a service in exchange for payment, then the individual should be classified as an employee and paid through the payroll system or as an Independent Contractor and paid off a Personal Service Contract.

HONORARIUMS

An honorarium is a form of gratitude shown toward an individual (non-USM employee) in return for that individual’s willingness to visit the university and participate in a university event of short duration (such as speaker, etc). The recipient understands that the honorarium does not represent compensation equal with the actual service provided. A description of the reason for the honorarium, the name of the event including the date and location must be referenced on the Remittance Voucher.
An honorarium that exceeds $1,500.00 must be reviewed and approved by the Director of Procurement.

Honorariums should not be charged to restricted funds. Contact Sponsored Programs Administration should you have any questions.

Required:
- A signed original W-9 must be on file in Accounts Payable before payment is made
- 1099-MISC is issued on all dollar amounts of $600 or more. A permanent address must be provided for mailing of the 1099-MISC Form.
- Original Documentation required for all expenses being reimbursed, see Reimbursement to non-employees for travel expenses.
- See the Tax Compliance website for more guidance and for issues dealing with nonresident aliens: www.usm.edu/controllersoffice/tax_compliance.html

Forms Needed: Remittance Voucher and W9 (if not already on file) from https://www.usm.edu/procurement-contract-services/accounts-payable-forms-and-instructions

STIPENDS

Payment to a USM student or non-university student who does not provide a service to the University:
- Pay with a Remittance Voucher and provide a description for the reason for payment
- Stipend with NO SERVICE REQUIRED – Original documentation required for all expenses being reimbursed, see Reimbursement to Non-Employees for Travel Expenses.

Payment to a USM student or non-university student who does provide a service to the University under $1,000.00 for a calendar year:
- Pay with a Remittance Voucher and provide a description for the reason for payment
- Stipend with Service Required – Original documentation are not required.
- If the department needs to verify expenses, it is their responsibility to obtain copies of the receipts. Expense reimbursements will be included in taxable income for the individual to deduct on his or her personal tax return.

Payment to an employee of USM
- Single payment through HR

Payments of Business Expenses for an Independent Contractor
- Reimbursement of business expenses during services rendered – Original receipts are not required.
- If the Department needs to verify expenses, it is their responsibility to obtain copies of the receipts. Expense reimbursements will be included in taxable income for the individual to deduct on his or her personal tax return.
- A signed original W-9 must be on file in Accounts Payable before payment is made
- 1099-MISC is issued on all dollar amounts of $600 or more. A permanent address must be provided for mailing of the 1099-MISC Form.
• See Office of the Controller's Tax Compliance website for more guidance and for issues dealing with nonresident aliens  
  http://www.usm.edu/controllersoffice/tax_compliance.html

Forms Needed: Remittance Voucher and W9 (if not already on file) from  
https://www.usm.edu/procurement-contract-services/accounts-payable-forms-and-instructions

SCHOLARSHIPS

• Scholarships should be awarded through Financial Aid.  
• Contact Sponsored Programs Administration for any payments involving restricted funds.  
• Non-university students or individuals should be paid on a Remittance Voucher with a description for the reason for payment.

FELLOWSHIPS

• Fellowships may be paid through HR or through Financial Aid depending on the requirements and services rendered.  
• Contact Sponsored Programs Administration for any payments involving restricted funds.  
• Non-university students or individuals should be paid on a Remittance Voucher with a description for the reason for payment.

ADDITIONAL INFORMATION

Payment to Individuals – Office of the Controller Documentation and Processing: Checklist for paying Non-Employee Expenses found at www.usm.edu/controllersoffice/non_employee_exp.doc

USM EMPLOYEES: ADDITIONAL PAY FOR SERVICES RENDERED

USM employees CANNOT be paid from a Personal Service Contract for any additional work they may be doing for a department. Contact Human Resources for guidance on how to pay additional funds to an employee.

TAX EXEMPTION

The University of Southern Mississippi is exempt from paying sales tax in the State of Mississippi and has been waived from paying sales taxes in several other states. USM Sales Tax Exemption Certificates found at https://www.usm.edu/procurement-contract-services/accounts-payable-forms-and-instructions.

If you have questions, please contact the University Tax Compliance Officer at 601-266-4102.

Also see the Tax Compliance website for other sales tax information: http://www.usm.edu/controllersoffice/tax_compliance.html.
1099 MISC FORMS

Payments of $600 or more made to independent contractors or other persons who render services to the University must be reported on a Form 1099-Misc. Any payments for services and reimbursement of expenses made to someone other than a corporation are responsible for reporting to the Internal Revenue Services. Accounts Payable produces the 1099-Misc form sending one copy to the vendor and one copy to the IRS.

MISCELLANEOUS TAX INFORMATION

Find information from the Controller's Office Tax Compliance website: http://www.usm.edu/controllersoffice/tax_compliance.html

IMPORTANT: This policy is not all-inclusive, nor does it address every situation that may arise. It is intended to help prevent some of the more common mistakes. In order to prevent reimbursement problems, questions about specific situations not addressed in this policy should be directed to the Accounts Payable office at 266-4131 to determine if it is within university guidelines.

Review

The Director of Procurement and Contract Services is responsible for the review of this policy every four years (or whenever circumstances require immediate review).

Forms/Instructions

See instructions throughout policy.

Appendices

N/A

Related Information

N/A

History

07/01/2010: New vendor entry updated.
03/08/11: Payment of purchase orders and tax exemption updated.
11/01/11: Formatted for Institutional Policies website.
02/20/13: Formatted for template. Minor editing throughout.

Amendments: Month, Day, Year – summary of changes
Authorization

ACCOUNTS PAYABLE POLICIES AND PROCEDURES
ADMA-PUR-000-001

As the Responsible Officer, I have reviewed this policy and believe it represents the current policy.

Responsible Officer

Date