

# Policy Analysis: Accounts Payable #4.41 – 1/2010

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## Policy Objective:

To establish procedures for review and payment of invoices for goods and services purchased by the university

## Applies To:

Faculty, staff, students, visitors, vendors

## Explicit Policy Requirements: (Items for which non-compliance will result in a policy Exception):

The following items are explicitly defined in the policy and should be considered as policy requirements; items which if not followed, will result in policy “exceptions.”

**NOTE: Student Life FSS is a satellite Accounts Payable office and adheres to the requirements stated in Ref# 21. In most instances, references to AP have been modified to reflect Student Life’s satellite operation.**

Ref #	Description	Page	Para
1	<ul style="list-style-type: none"><li>Units must review all invoices and other payment related documents in a timely manner to ensure that charges are legitimate and should be paid</li></ul>	2	II.C
2	<ul style="list-style-type: none"><li>Vendor Responsibilities:<ol style="list-style-type: none"><li>If an invoice is to be paid against a PO, the vendor should send the invoice directly to Accounts Payable</li><li>If the vendor sends an invoice directly to a department, it should be forwarded immediately to Accounts Payable</li><li>Ensure that 10-digit purchase order number is accurately identified on all invoices</li></ol></li></ul>	2	I. A.
3	<ul style="list-style-type: none"><li>Department Responsibilities:<ol style="list-style-type: none"><li>Verify that the goods and services received are the goods and services that were ordered</li><li>Verify that the goods and services are satisfactory</li><li>Review and approve invoices in the online Procurement System as soon as possible to ensure the charges are legitimate and should be paid. (Invoices for payments against blanket PO’s require department approval, irrespective of dollar amount.)</li><li>Deny the if the invoice should not be paid.</li><li>Notify FSS Accounts Payable via email if a voucher is approved in error or to release and pay an approved invoice formerly noted as on hold due to an error.</li></ol></li></ul>	2	I.B.
4	<ul style="list-style-type: none"><li>Accounts Payable Responsibilities:<ol style="list-style-type: none"><li>Make timely payment only on original invoices in accordance to the terms of the PO.</li></ol></li></ul>	3	I.C.

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	<ul style="list-style-type: none"> <li>2) Ensure that the invoice and PO match in price and quantity and company name before payment is made.</li> <li>3) Record the system generated eight character voucher ID on approved invoices.</li> <li>4) Make payments following the stated terms of the PO.</li> </ul>		
5	<ul style="list-style-type: none"> <li>• Payments through a Non-PO voucher:                             <ul style="list-style-type: none"> <li>1) Convenience orders</li> <li>2) Honoraria payments (see policy for more detail on Non-Resident Aliens)</li> <li>3) Credit Memos</li> <li>4) Cancelled checks</li> <li>5) Non-wage payments for service</li> </ul> </li> </ul>	4-6	II.
6	<ul style="list-style-type: none"> <li>• Vendors may not pick up checks. They will be mailed to the remit-to address on the invoice</li> </ul>	7	III.A.
7	<ul style="list-style-type: none"> <li>• If a department intends to send the check to an address which is different from the invoice, then a department representative must pick up the check and assume responsibility that the vendor receives payment.</li> </ul>	7	III.B.
8	<ul style="list-style-type: none"> <li>• Discounts offered on a vendor's invoice will be taken by Accounts Payable regardless of the PO terms</li> </ul>	7	IV.A.2.
9	<ul style="list-style-type: none"> <li>• Timely approval of the invoice by the department unit will optimize the university's ability to earn discounts.</li> </ul>	7	IV.A.3.
10	<ul style="list-style-type: none"> <li>• Credits-If a credit is received via a refund check from the vendor, the unendorsed check must be sent immediately to FSS Accounts Payable.</li> </ul>	8	IV.B.4.
11	<ul style="list-style-type: none"> <li>• Uncollectible Vendor Credits-Annually, at fiscal year-end, all outstanding vendor credit balances will be analyzed to identify potentially uncollectible balances. Any vendor balance older than one year and greater than \$500 which is deemed to be uncollectible will be referred to the Accounts Receivable department in the Office of Financial Services for additional collection efforts. Any vendor balance older than one year and less than \$500 which is deemed to be uncollectible will be written off with the approval of the University Controller.</li> </ul>	8	IV.C.4.
12	<ul style="list-style-type: none"> <li>• For checks suspected of being lost or misdirected, a waiting period of 21 days is required prior to Accounts Payable issuing a stop payment.</li> </ul>	10	VI.A.
13	<ul style="list-style-type: none"> <li>• For checks suspected stolen, the vendor must submit a fraud packet to its bank and report to the appropriate law enforcement agencies. The fraud packet must be completed, notarized, and on file with JPMorgan Chase Bank prior to reissuance of the check.</li> </ul>	10	VI.B.
14	<ul style="list-style-type: none"> <li>• All reimbursements and refunds are processed via the Payment Request Entry Page (PREP) in PeopleSoft</li> </ul>	10	VII.B.
15	<ul style="list-style-type: none"> <li>• Documentation for reimbursements and refunds must be original receipts and are maintained by FSS.</li> </ul>	10	VII.C.
16	<ul style="list-style-type: none"> <li>• Electronic Funds Transfer for Employees-OSU reimburses all employees via EFT if they have payroll direct deposit. If they do not have direct deposit, Accounts Payable will issue payment via check.</li> </ul>	10	VIII.A.

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17	<ul style="list-style-type: none"> <li>• Electronic Funds Transfers for Companies-</li> <li>1) A company cannot mix payments types. They must be all EFT or all check.</li> <li>2) Once a company has been established as a vendor by Purchasing, to request payment by EFT the company needs to complete the EFT Vendor Information Form and fax it to Accounts Payable.</li> <li>3) Once the vendor has been established for EFT, they will continue to receive checks until all of the vouchers already in the system prior to entering the EFT information have been paid. The vouchers entered after the set up date will pay via EFT.</li> </ul>	11	VIII.B.
18	<ul style="list-style-type: none"> <li>• Automated Clearing House (ACH)-</li> <li>1) To initiate an Automated Clearing House (ACH), department personnel must obtain an <u>Electronic Funds Transfer Request Form</u> from the Office of the Controller web site and complete all required sections.</li> <li>2) Forms must have appropriate supporting documentation (e.g. invoice, completed payment request, etc.) attached, approval by the department's Dean/VP, chair, director, or SFO and be forwarded to AP.</li> <li>3) The initiating department must process a journal entry and record a journal number on the ACH request form.</li> </ul>	11	IX.A.
19	<ul style="list-style-type: none"> <li>• Wire Transfers-</li> <li>1) To initiate a wire transfer, department personnel must obtain an <u>Electronic funds Transfer Request Form</u> from the Office of the Controller web site and complete all required sections.</li> <li>2) Forms must have appropriate supporting documentation (e.g. invoice, completed payment request, etc.) attached, approval by the department's Dean/VP, chair, director, or SFO and be forwarded to AP.</li> <li>3) Accounts Payable must forward any wire transfer request exceeding \$200,000 to the Office of Financial Services for approval and release.</li> </ul>	12	IX.B.
20	<ul style="list-style-type: none"> <li>• Vendor Maintenance-</li> <li>1) Additions or changes to the vendor are initiated either through the Purchasing web site or the Payment Request Entry Page (PREP)</li> <li>2) Accounts Payable will not create a new vendor until a completed <u>AP Payment Compliance Form</u> is received. The <u>AP Payment Compliance Form</u> must be filled out completely and signed by the vendor. If all fields are not completed, the vendor will not be created.</li> </ul>	12	X.B/C.
21	<ul style="list-style-type: none"> <li>• Satellite Accounts Payable Operations-</li> <li>• Each AP satellite organization is managed autonomously within the departmental structures of each respective business unit, however is responsible to coordinate with the central Division of Accounts Payable in the Office of the University Controller regarding policies, procedures, internal controls, best practices, systems developments and modifications, and other key communications necessary for consistency and adequate controls.</li> <li>• The Division of Accounts Payable in the Office of the University Controller is responsible to provide input and guidance to the satellite operations regarding policies, procedures, internal controls, best</li> </ul>	14	XII.B/C.

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	practices, systems developments and modifications, and other key communications necessary for consistency and adequate controls. This will be accomplished through periodic meetings and establishment of agreed communication processes.		

### Summary of Potential Policy Exceptions:

- Issuing a check from a document other than an original invoice or acceptable substitute documentation per Student Life processes.
- Failure to verify goods and services were satisfactorily received and/or were what was originally ordered.
- Price, quantity, or company name did not match PO but check was still issued.
- Invoice sent directly to a department is not forwarded to FSS AP in a timely manner.
- Untimely approval of an invoice.
- Untimely payment of a voucher.
- Failure to record the 8 digit system generated voucher ID on the approved invoice.

### Policy Areas of Potential Student Life Interpretations and/or Follow-up with Business & Finance:

The following items are potential areas of policy interpretation, left to the discretion of Student Life:

Ref #	Description	Page	Para
1	• The price or quantity on the invoice was “close” to the price or quantity on the Purchase Order	3	I.C.2.
2	• Which items can be purchased using non-purchase order vouchers?	4	II.A.1.
3	• What determines whether a check is lost or stolen?	10	VI.A/B.
4	• <b><i>If no packing slip or other documentation is available then the department approver is responsible for signing off on the invoice to show that goods or services were received satisfactorily.</i></b>		Ask Bufi
5	• What is acceptable substitute documentation?		
6	• What is untimely payment?		

### Areas of Consideration for Defining as “Reasonable” in the ICS:

- Timely payment for invoices that did not match the purchase order
- Does vendor name on invoice match name on purchase order

### **Potential Training Topics:**

- Institutional Data Policy
- Business Responsibilities
- Business Expenditures
- Understand and Prevent Fraud
- Internal Controls
- Procurement and Payment process
- Prep Training
- Confirming receipt of goods and services