

FAYETTEVILLE STATE UNIVERSITY
ACCOUNTS PAYABLE AND TRAVEL POLICY

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| Authority: | Issued by the Chancellor. Changes or exceptions to administrative policies issued by the Chancellor may only be made by the Chancellor. |
| Category: | Business, Finance and Administrative Services |
| History: | Revised June 2006 Revised September 2004 |
| Applies to: | ●Faculty ●Staff ●Students |
| Related Policies: | Office of State Budget and Management Budget Manual Office of the State Controller Cash Management Policy Office of the State Controller Accounts Payable Policy |
| Contact Person: | University Controller (910) 672-1062 |

I. INTRODUCTION

This policy addresses the payment process for goods and services received by the university and the payment process for travel. The Accounts Payable (AP) Unit within the Controller's Office, Division of Business and Finance, is responsible for processing these payments.

The goal of the AP Unit is to 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 AP Unit is committed to providing high-quality service to departments and vendors and prompt responses to requests for information.

Fayetteville State University uses the AP component of the Banner Finance. 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).

II. AUTHORITATIVE REFERENCES FOR DISBURSING STATE FUNDS

The central state agencies governing how state entities are to manage, process, and disburse state monies are the Office of State Budget and Management (OSBM) and the Office of the State Controller (OSC).

For the disbursement of money, the statewide cash management plan shall provide at a minimum that:

- A. Moneys deposited with the State Treasurer remain on deposit until final disbursement to the ultimate payee;
- B. The order in which available resources are expended is subject to state law regardless of whether the State entity disbursing the moneys is subject to the Executive Budget Act;
- C. Federal and other reimbursements of expenditures paid from State funds shall be paid immediately to the source of the State funds;
- D. 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; and
- E. 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.

OSBM and OSC have policies and procedures listed on their websites for State entity compliance.

III. TRAVEL POLICY

A university employee traveling on official university business is expected to exercise the same care incurring expenses that a prudent person would exercise if traveling on personal business and expending personal funds. Excess costs, luxury accommodations and services unnecessary or unjustified in the performance of official university business are not acceptable under this policy. Travelers will be responsible for unauthorized costs and any additional expenses incurred for personal preference or convenience.

A. State Policies Regarding Travel

This section provides basic information on travel policies and procedures based on the State Budget Manual, which sets forth travel policies relative to securing authorization and reimbursement for official state travel. The administration and control of travel is in accordance with the provisions of the North Carolina General Statutes. Failure to comply with any part of the State rules and

regulations pertaining to travel could result in audit exception(s) and adversely affect the university's financial reputation.

The policies and procedures as stated in this manual apply to State Budgeted Funds deposited with the State Treasurer, whether derived from appropriations or university receipts, Institutional Trust Funds, and Contracts and Grants.

All travel is contingent upon availability of funds.

B. Travel Authorization

When a university employee travels on official state business, a Travel Authorization Form is completed noting the following items:

1. All university related travel requires completion of the *Travel Authorization Form* prior to the actual travel date(s).
2. The *Travel Authorization Form* must have required signatures, the supervisor and budget account manager (this can be the same person but they must sign twice).
3. The address on the *Travel Authorization Form* must be where the traveler's reimbursement check is to be mailed. If not mailed, then note picking-up check on form.
4. If requesting airline tickets to be purchased by FSU, complete the estimated amount on the appropriate line of the *Travel Authorization Form* and attach a completed *Airline Reservation Form*, (Do not submit a reservation form if the traveler is purchasing his or her own tickets).
 - a. To secure airline tickets, the estimated amount for the ticket must be listed on the appropriate line on the *Travel Authorization Form* as well as completed on the *Airline Reservation Form*.
 - b. Both forms must be submitted at least 10 working days prior to trip.
 - c. An electronic airline ticket is e-mailed to the traveler normally 3 days after the paperwork is submitted.
5. If advance registration is requested, note the amount on the appropriate line and attach a completed registration form(s) with the payee information for check processing.
6. A blanket travel authorization may be used when a university group is attending an event being paid from a single budget line. A separate sheet

or group travel roster must be attached reflecting names of all persons covered on the blanket *Travel Authorization Form*

7. If traveling using Title III funds, the *Travel Authorization Form* must be submitted to the Title III office for approval before being sent to the Business and Finance Office.

Authorization for travel is delegated to the traveler's supervisor. This individual's approval indicates that appropriate review of the travel request has been made and travel conforms to all rules and regulations, and is properly supported with valid reason, documentation, and fund availability. Once the travel has been completed, the traveler's supervisor must review and approve the travel reimbursement request. The supervisor's signature indicates that the travel and request for reimbursement is in accordance with State travel regulations and properly supported with valid documentation and receipts.

NOTE: Further details concerning allowable travel rates and regulations are listed under the Travel Reimbursement section or in the State Budget Manual, both of which may be helpful in completing a *Travel Authorization Form* for pending travel.

C. Processing Travel Authorizations

1. A university travel requester shall submit an approved *Travel Authorization Form* to Accounts Payable (AP) for processing.
2. AP shall verify that the travel authorization meets State travel guidelines, has proper departmental signature authorization, and that there is ample department budget to cover the travel amount requested.
3. If all criteria are met, AP signs off on the travel authorization. If not, the travel authorization is returned to the requestor.
4. AP shall process and mail a check for any prepaid costs (e.g., airline, hotel, registration).
5. AP shall file the travel authorization by traveler's last name for matching with travel reimbursement.

D. Travel Advance

When a university employee travels on official state business, a travel advance may be requested on a *Travel Authorization Form* and must comply with the following conditions:

1. Employee who does **not** have a Corporate American Express Card.
NOTE: University employees may apply for a corporate American Express card under FSU's corporate account to assist with travel costs as an alternate to a travel advance. There will be about a month turnaround time once card is applied for. Please contact AP, Travel, to apply.
2. The request must be less than or equal to 80% of the estimated cost of lodging and meals.
3. *The Travel Authorization Form* requesting an advance must be submitted to AP at least 10 working days prior to the travel start date in order to process the check request.
4. The traveler must not have a travel advance outstanding. No traveler is permitted to have a travel advance outstanding for more than one trip at a time.
5. The traveler must submit the travel reimbursement request to AP within 30 calendar days after trip completion. If travel costs are less than the advance amount, a personal check must be attached to the *Travel Authorization Form*. (The cashier's office will also accept credit cards and cash, in lieu of a check.)
6. The traveler must sign the *Travel Authorization Form* which authorizes FSU to deduct from the traveler's salary any payment advancements for which a travel reimbursement has not been submitted 30 calendar days after travel completion.
7. If a travel advance is obtained and the trip is not taken, the advance must be repaid within 5 working days. If the trip is postponed, the advance must be repaid and a new advance obtained against a new *Travel Authorization Form*.

E. Processing Travel Advances

1. The university travel requester shall submit an approved *Travel Authorization Form* (requesting a travel advance) to AP for processing.
2. AP shall verify that the travel authorization meets State travel guidelines, that the form has proper departmental signature authorization, and that there is ample department budget to cover the travel amount requested.
3. If all criteria are met, AP signs off on the *Travel Authorization Form*. If not, the *Travel Authorization Form* is returned to the requestor.

4. AP will process and mail checks for any prepaid costs (e.g., airline, hotel, registration) and travel advances.
5. AP will file the *Travel Authorization Form* with the documentation for reimbursement and travel advance settlement.

F. Travel Reimbursement

Within 30 calendar days upon completion of the authorized travel, the traveler MUST complete a *Travel Reimbursement/Expense Report* form along with supporting documentation/receipts and submit to the traveler's supervisor for review and approval. Submitting a *Travel Reimbursement/Expense Report* is mandatory when any authorized travel is completed, regardless of expected reimbursement.

With the exception of Title III funded trips, the traveler shall forward the approved *Travel Reimbursement Form* to AP for processing. Title III funded trips should be sent to the Title III office for approval. Approved Title III reimbursement forms shall be processed promptly and sent to the Business and Finance Office.

AP shall review and verify the following requirements:

1. **Meals** (State approved meal rates are listed on the *Travel Reimbursement Form*):
 - a. Meal reimbursements are allowed during overnight travel at the rates authorized by the State. This authorized State rate includes tips.
 - b. Employees are allowed to claim a meal allowance during commercial air travel even though the meal(s) are shown and offered as part of the flight schedule.
 - c. Employees are allowed to claim breakfast reimbursement even if the lodging establishment offers a free continental breakfast as part of the room cost.
 - d. The costs of meals included as part of a conference registration are not reimbursable on the Travel Reimbursement form.
 - e. Meal allowances cannot be paid to employees for lunches if travel does not involve an overnight stay.

Employees are eligible for meal allowances for breakfast and dinner meals during daily travel or overnight travel when the following applies:

- a. Breakfast – The traveler departs from the duty station prior to 6:00 AM and the workday is extended by 2 hours.
- b. Dinner – The traveler returns to the duty station after 8:00 PM and the workday is extended by 3 hours.
- c. Travel must involve a travel destination located at least 35 miles from the employee’s assigned duty station or home whichever is less.

2. Lodging (State approved lodging rates are listed on the *Travel Reimbursement Form*):

- a. Lodging reimbursement requires an itemized receipt from a commercial lodging establishment.
- b. The payment of taxes or fees applied to the cost of lodging is allowed in addition to the lodging rate and is to be paid as a lodging expense.
- c. Excess lodging above the State rate (plus taxes) must be approved on the *Excessive Rate Form* before travel occurs and subject to the following reasons:
 - 1. Travel is to a high-cost area.
 - 2. The employee is unable to secure lodging within the current allowance.
 - 3. The employee submits, in writing, an opinion that personal safety or security is unattainable at the current allowance.
- d. Excess lodging is not allowed for reasons of convenience or personal preference.
- e. Lodging must involve a travel destination located at least 35 miles from the employee’s duty station or home whichever is less.
- f. Baggage handling tips may be claimed as “miscellaneous” expenses, not to exceed \$5.00 per porter for arrival and departure.
- g. Room service snacks, movies, mini-bars and personal phone calls are not allowable travel reimbursement expenses.

3. Mileage (State approved mileage rates are listed on the *Travel Authorization Form* and *Travel Reimbursement Form* and are subject to future change):

- a. Effective September 1, 2005, the State approved mileage rate for personal-owned vehicle (POV) use is 48.5 cents per mile. Payable to the traveler if a state-owned vehicle (SOV) is not available or the request for a SOV is denied.
- b. If a SOV is available and the employee drives his/her own vehicle, the mileage reimbursement is at the Motor Fleet rate of 25 cents per mile.
- c. Parking fees, tolls, and storage fees are reimbursable with proper receipts.
- d. Reimbursement for travel between an employee's duty station or home (whichever is less) and the nearest airport and parking are allowed under the following circumstances for travel by:
 1. Taxi or airport shuttle – actual costs with receipts.
 2. Personal vehicle – the business standard mileage rate set by the IRS for a maximum of two round trips with no parking charges or one round trip with parking charges (receipt required).
 3. Use of Public transportation – receipts needed for trips costing more than \$5.00 each way.

G. Travel Expenses

Receipts are required for the following items:

1. Parking fees,
2. Tolls,
3. Storage fees,
4. Taxi & shuttle service (if one way trip exceeds \$5.00),
5. Telephone access fees for business calls,
6. Transportation by common carrier (air, rail, bus).

Receipts are not required for the following items:

1. Meals unless exceeding the State's allowable rate.
2. Baggage handling tips (\$5.00 per day).
3. Valet parking tips (\$5.00 per day).

4. Public transportation (not to exceed \$5.00 per one way trip).

H. Processing Travel Reimbursements

1. Employee completes a Travel Reimbursement and submits to supervisor for review and approval.
2. Employee submits an approved *Travel Reimbursement Form* to AP for processing.
3. AP matches *Travel Reimbursement Form* with file copy of the Travel Authorization.
4. AP verifies the *Travel Reimbursement Form* agrees with the Travel Authorization, meets State travel guidelines, and contains proper department approval signature.
5. If all criteria are met, *Travel Reimbursement Form* is processed. If not, the Travel Reimbursement is returned to the requestor for corrections.
6. AP processes travel in the accounting system to produce a reimbursement check for the employee.
7. AP mails check or holds for employee pick-up.

IV. DISBURSEMENT POLICY

University disbursements for the payment of goods and services (except payroll) are normally prepared within seven (7) working days after receipt of the required documentation by AP.

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 departments with the exception of Facilities Management and the Library must inform the vendors with whom they do business to send ALL invoices directly to:

Fayetteville State University
Accounts Payable
1200 Murchison Rd.
Fayetteville, NC 28301-4298

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

A. Adequate Documentation

1. Disbursements shall only be made from original source documentation, such as invoices, agreements, contracts, and requests, which sufficiently describes the purpose of the disbursement.
2. Documentation must originate from outside the university.
3. Vendor verification and maintenance shall be done by FSU's Purchasing Department.
4. Documentation must identify the payee by name, the payee's address, and FSU's purchase order number.
5. Documentation must be centrally received in AP.
6. 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.
7. Documentation for disbursements must be retained in accordance with state and federal retention policies.

B. Approval for Payment

1. Disbursements must be approved by the person or persons authorized by the university to make such approvals (Chancellor, Vice Chancellors, and Department Heads).
2. An authorized signature or initials must be on the supporting documentation indicating accuracy and approval of payment (Controller or AP Supervisor).
3. All invoices are reviewed and approved for completeness of supporting documents and required clerical checking by the Controller or AP Supervisor.
4. Construction project inspection reports by a university representative or architect must be available before approval of payment.
5. Contract payments must be approved by the designated contract administrator or Vice Chancellor for Business and Finance.

C. Receipt of Goods and Services

1. Receiving report documentation must be available to AP demonstrating the goods or services were actually received, counted, and examined before payment can be made.
2. Generally, receipt of all goods at FSU is through Central Receiving.
3. Receiving is done electronically through the AP System, which matches the purchase order, receiving, and the invoice.
4. Under special circumstances when receiving is not done through Central Receiving, the receiving report must be forwarded by the campus department to AP in a timely manner for prompt payment.

D. Account Classification

1. The disbursement must be accurately classified to the proper account distribution and agree with established account classifications.
2. Payments should not be coded to budget level Banner account number but to the actual expenditure Banner account number.
3. AP must review the propriety of the account classifications.

E. Allowable and Eligible

For federal programs, the disbursement must be for an allowable activity and for eligibility of recipients per federal regulations. Monitoring of allowable and eligible disbursements is done by the Contracts and Grants Section within the Controller's Office.

F. Net of Credits

1. The disbursement is net of applicable credits (i.e., cash discounts).
2. 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.
3. AP is responsible for determining that cash discounts are taken.
4. AP must be promptly notified of returned purchases and for correlation of such purchases with a vendor credit advise.

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 FSU's *Purchasing Policies and Procedures*.

H. Separation of Duties

The following duties are generally performed by different staff:

1. Receiving and invoice processing.
2. Invoice processing and making general ledger entries.
3. Invoice processing and check signing.
4. Invoice processing and check mailing.

I. Invoice Processing

1. Obtain the requisition, purchase order, and receiving report supporting the invoice.
2. Compare invoice quantities, prices, and terms with those indicated on the purchase order.
3. Compare invoice quantities with those indicated on the receiving report
4. Check accuracy of calculations.
5. Destroy extra copies of invoice to prevent duplicate payments.
6. Stamp paid on file copy of invoice to prevent duplicate payments.

J. Check Writing Schedule

1. Mondays, Wednesdays, and Fridays - Checks are printed in AP. (Check write days may change due to special circumstances such as month-end close, holidays, etc.)
2. Tuesdays, Thursdays, and Mondays
 - a. Funds are requisitioned from the Office of State Controller (OSC) prior to 11:00 AM.

- b. OSC approves FSU's available cash at 2:00 PM or depending on circumstances, the approval could be later than 2:00 PM. Regardless of time, AP cannot release checks to vendors or employees until OSC approves that cash is available.
- c. Checks to be picked up will be held for 10 business days.
- d. Checks are usually mailed out by 2:30 PM depending on time of OSC approval.

K. Check Signing

- 1. Signed checks must be delivered directly to the mailing facility, making the checks inaccessible to persons who requested, prepared, authorized, or recorded the checks.
- 2. Check signing is limited only to authorized personnel.
- 3. Unused checks are adequately controlled and safeguarded by placement in the Cashier's vault.
- 4. Signing blank checks in advance is prohibited.
- 5. Making checks out to "Cash" is prohibited.
- 6. Signature plates are adequately controlled and separated physically from blank checks by keeping them locked in AP.
- 7. All checks signed are properly accounted and controlled by recording check numbers in the Check Signing Log Book.

L. Voided Checks

Voided checks are properly accounted for and effectively cancelled by stamping void on checks and voiding checks in the AP System.

M. Disbursement Types

1. Invoices with Purchase Order

This disbursement type represents the majority of payments for goods and services, which includes utilities, processed by AP. All purchases for goods and services are initiated with a purchase requisition (on-line or manual) except for travel.

2. Travel

Travel includes travel advances, travel prepayments (registration/conference fees and airline tickets), and travel reimbursements.

For the above disbursement types, the below listed items are important for prompt processing and payment:

1. Timely receipting must occur in the accounting system by Central Receiving.
2. Invoices must be sent directly to AP.
3. Invoices sent to campus departments must be forwarded to AP on a timely basis and before the due date.
4. For items picked-up by campus departments, the invoice must be forwarded to AP on a timely basis and before the due date.

V. TAX REPORTING POLICY

A. 1099 Miscellaneous Tax

FSU is accountable to the Internal Revenue Service (IRS) 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 North Carolina Department of Revenue and payee (due January 31) for each vendor (payee) paid the following amounts:

1. Rents of \$600.00 or more;
2. Royalties of \$10.00 or more;
3. Other income of \$600.00 or more;
4. Non-employee compensation of \$600.00 or more; and/or
5. Medical and health care benefits of \$600.00 or more.

B. Sales Tax

Beginning July 1, 2004, all State entities (including FSU) will be exempt from sales tax on direct purchases of items, except electricity and telecommunications services per North Carolina Department of Revenue. FSU's sales-tax exemption number is 400050.