



## **9.1 Introduction**

Accounts Payable is responsible for timely and accurate processing of all District payments to vendors, invoices and employee reimbursements.

All payment questions and invoices need to be sent to [acctspay@collin.edu](mailto:acctspay@collin.edu).

## **9.2 Segregation of Duties**

Segregation of duties is an important internal control in Accounts Payable. Accounts payable access in Banner is established so creation of vendor accounts and check processing is not assigned to employees who enter invoices for payment. Access to various Banner screens is granted by the Associate Vice President of Financial Services when vacations, illnesses, etc. warrant a shift in responsibilities.

## **9.3 Tax Exemption**

The District is a special purpose government agency and is exempt from state and local sales tax (Exhibit 9.1 – State Sales and Use Tax Exemption Form) and state hotel occupancy (Exhibit 9.2 – Hotel Occupancy Tax Exemption Form).

Accounts Payable must review all invoices and receipts to confirm the District is not paying unnecessary taxes. If the District is charged tax in error, the vendor or employee must be contacted.

## **9.4 Insufficient Documentation**

Insufficient documentation or absence of documentation will result in non-reimbursement or payment of an item. All receipts must be original.

## **9.5 Approvals Needed**

All forms submitted to Accounts Payable for payment must have proper approval. The Organization Manager must approve all payments. Various forms require approval from Deans and Vice Presidents. Specific approval requirements are listed in the narrative for each type of form.

All employee reimbursements must be approved by the employee's direct supervisor. An employee cannot approve their own reimbursement.

## **9.6 Vendor Setup and Maintenance**

New vendors in Banner are set up by the Accounts Payable Manager or a Purchasing employee. A completed W9 must be received on all contract labor vendors prior to a vendor account being completed. A thorough search is done in Banner prior to setting up a new vendor to ensure duplicate vendors are not created in the system. Accounts Payable Associates do not set up new vendors except when vacations, illnesses, etc. require a shift in duties.

## **9.7 Invoice Processing**

All invoices, check requests and travel reimbursement are entered into Banner by an Accounts Payable Associate. The Accounts Payable Manager does not have access to process invoices for payment. Banner does not allow the entry of duplicate invoice numbers by vendor.

### **9.7.1 Check Requests**

A *Check Request Form* is used to pay for invoices not associated with a purchase order and is not travel reimbursements, staff lunch reimbursements or a contract service payment. Some examples of items submitted on a *Check Request Form* include subscriptions, memberships, and books with an order form, postage for bulk mailings, newspaper ads, employment ads, legal fees and employee reimbursement which is not travel or staff meeting reimbursement. Exhibit 9.3 contains a blank *Check Request Form*. Exhibit 9.4 contains directions on completing the *Check Request Form*.

Proper documentation must be attached to the *Check Request Form* including vendor invoice, receipt and any receiving documents. The *Check Request Form* must be approved by the appropriate Organization Manager, Dean, Associate Vice President or Vice President.

All check requests are reviewed and approved by the Associate Vice President/Controller or Associate Vice President/Financial Services.

### **9.7.2 Purchase Order Invoices**

All vendor invoices need to be mailed to the attention of Accounts Payable. If a department receives a vendor invoice directly it needs to be forwarded to Accounts Payable.

Departments are responsible for completing the receiving form in Banner before an invoice will be paid. Organization managers are responsible for reviewing invoices posted to their budget and encumbrances.

Accounts Payable is responsible for entering all invoices into Banner for payment. The Accounts Payable Associate reviews all invoices for accuracy and completion. Items reviewed include quantity ordered versus quantity received, amount due, sales tax, correct fund, organization and account, discounts, check address and budget availability. Any discrepancies in quantity or price are communicated with the ordering Department and Purchasing. The Accounts Payable Associates also follow up on all open purchase orders and line items and contact the appropriate Department.

Banner uses a three way match system before payment can be made to a vendor. There must be a valid purchase order, receiver and invoice in Banner to allow a payment to be processed. Accounts Payable takes advantage of all purchase discounts offered by vendors.

### **9.7.3 Contract Services**

The *Contract Labor Form* (Exhibit 9.5) is used to process payments for services rendered to the District by those other than employees. Directions to complete the *Contract Labor form* can be found in Exhibit 9.6. A completed W-9 form (Exhibit 9.7) must be on file for the vendor or attached to the form.

Employees cannot be paid using a *Contract Labor* form. The IRS provides guidelines in determining whether to classify someone as an employee or independent contractor. Contact Accounts Payable if uncertain how to categorize an expense.

The *Contract Labor* form is used to process payments for the following expenses:

- Athletic Officials – Expenses for athletic officiating
- Consultants – Expenses for independent expertise in the review, evaluation or guidance in the improvement of a process or a correction of a problem
- Guest Lecturer – Expenses for guest speakers for a class or event. Examples: writers or professors and authorities in various fields who are paid to speak on their related work or area of endeavor
- Performers – Expenses for entertainment type services. Examples: musicians, singers, etc.

Consultants, Guest Lecturers and Performers must also sign a *Contract for Service* form (Exhibit 9.8). The completed *Contract for Service* form must be attached to the *Contract Labor* form when submitting to accounts payable for payment.

All *Contract Labor* forms are reviewed and approved by the Associate Vice President/Controller or Associate Vice President/Financial Services.

The *Contract Labor* Form and *Contract for Service* Form must be approved by the appropriate Organization Manager, Dean, Associate Vice President or Vice President.

#### **9.7.4 Staff Meeting Reimbursement**

The *Staff Meeting Reimbursement* Form (Exhibit 9.9) is used for reimbursement of staff meeting expenses. The form should also be used for reimbursement of advisory meeting expenses, workshops, etc. involving employees and non-employees where meals or refreshments are provided. Directions to complete the form can be found in Exhibit 9.10.

- Departments requesting catering services for District events should contact American Food and Vending. Information about American Food and Vending can be found on the Auxiliary Services page of the Business Administrative Services intranet site. If American Food and Vending is not able to accommodate a catering request then an outside vendor/caterer may be used
- Meal reimbursement cannot exceed the Texas per diem rates amount per person for meal: \$10 Breakfast, \$15 Lunch, \$21 Dinner
- A list of all staff attending the event must be included with the *Staff Meeting Reimbursement* form. Attach an event flyer to the form for a function open to the student body or general public
- Meal reimbursement cannot be made through petty cash
- The *Staff Meeting Reimbursement* form must be approved by the appropriate Organization Manager, Dean, Associate Vice President or Vice President.

- All *Staff Meeting Reimbursement* forms are reviewed and approved by the Associate Vice President/Controller or Associate Vice President/Financial Services

#### **9.7.5 Bookstore Invoices**

The Bookstore is responsible for reviewing and processing all invoices for merchandise received. All purchase orders and invoices are first processed through MBS, the Bookstore's retail software. Checks to vendors are not processed through MBS. All retail inventory is purchased with purchase orders approved by Bookstore management. Bookstore management is responsible for verifying the accuracy of all vendor invoices and payments. Bookstore staff enters all bookstore vendor invoices into Banner and then the checks are processed by the District's Accounts Payable Manager. The Auxiliary Accountant reviews all purchase orders and invoices for accuracy and completeness before releasing vendor checks.

#### **9.7.6 Travel and Professional Development**

Accounts Payable processes District travel and professional development reimbursements. Detailed procedures for travel and professional development are located in Section 10 of this manual.

#### **9.7.7 Student Refunds and Financial Aid**

Accounts Payable processes all student refund and financial aid checks. The Bursars office is responsible for reviewing all student refund and financial aid invoices for accuracy before submitting in Banner to Accounts Payable for processing. All checks are mailed to the student's home address.

#### **9.7.8 Credit Memos**

All credit memos are entered into Banner when received. If a credit memo is received from a vendor rarely used by the District, then an Accounts Payable Associate will contact the vendor and request a check be issued for the amount owed to the District.

#### **9.7.9 Statements**

Accounts Payable Associates are responsible for reviewing all statements received in a timely manner and researching all outstanding invoices. The Bookstore reviews all Bookstore vendor statements.

### **9.8 Check Processing**

#### **9.8.1 Check Issuance**

The Accounts Payable Manager is responsible for processing all vendor checks and direct deposit files for employee reimbursements. Accounts Payable Associates do not have rights to process checks in Banner except when required due to vacations, illness, etc. The Accounts Payable Manager reviews all checks and corresponding backup for accuracy before releasing the checks for mailing.

The Accounts Payable Associates are responsible for matching the checks with their corresponding backup and verifying the accuracy of the amounts processed, account

coding and vendor address. The check and backup is then returned to the Accounts Payable Manager for review.

Accounts Payable prints specific type of checks on assigned days each week. Volume and scheduling often require adjustments to the schedule.

- Monday  
Bank 44 – Student Refunds and Financial Aid (if needed)
- Tuesday  
Bank 44 – Student Refunds and Financial Aid (if needed)  
Bank 15 – Vendor Checks  
Bank 16 – Bookstore Vendor Checks
- Wednesday  
Bank 44 – Student Refunds and Financial Aid (if needed)  
Bank 17 – Employee Reimbursement
- Thursday  
Bank 44 – Student Refunds and Financial Aid (if needed)  
Bank 15 – Vendor Checks
- Friday  
Bank 44 – Student Refunds and Financial Aid (if needed)  
Bank 17 – Employee Reimbursement

All checks require two signatures. Authorized signers are the Chairman of the Board, District President, District Vice President of Administrative Services/CFO, Associate Vice President/Controller and Associate Vice President/Financial Services.

### **9.8.2 Manual Checks**

Requests for manual checks are evaluated on a case-by-case basis. Manual check processing is kept to a minimum since the possibility of errors increases with the manual process.

### **9.8.2 Positive Pay**

The District has positive pay set up with the Bank on its controlled disbursement account. Positive pay reduces the risk of check fraud. After each check run, a file is submitted to the bank containing the check number, amount, date and payee name. When checks are presented for payment, the positive pay service compares the dollar amount, check amount and payee of each item with the information submitted in the file.

Daily emails are sent to various staff members stating if there are any positive pay exceptions presented to the bank. The exceptions are reviewed for fraud and the exception then approved or disapproved for payment.

### **9.8.3 Voided Checks**

Checks may need to be voided because they were processed for an incorrect amount, processed to an incorrect payee, lost by the payee or not needed. Checks can be voided only by the Accounts Payable Manager. If the check to be voided was

released to the payee and District does not have the original check then a stop payment may need to be placed on the voided check. Voided checks are tracked in an excel spreadsheet and reconciled to Banner. The voided check is scanned into BDMS and the paper copy is filed in the Accounts Payable Manager's office.

#### **9.5.5 Stop Payments**

A stop payment may need to be placed on checks lost by payees or not received. The Accounts Payable Manager reviews the check issued in Banner to see if it has cleared the bank and the address to which the check was mailed. If a stop payment needs to be issued then the Accounts Payable Manager contacts the Revenue Accountant or Bank Accountant to issue the stop payment.

The Accountants verify the check has not cleared the bank in the online banking software. If the check has not cleared then a stop payment is issued. Once a stop payment has been issued the check can be reissued to the payee.

#### **9.8.4 Stale Dated Checks**

Outstanding checks should be investigated to determine if they need to be voided and reissued. The Bank Accountant gives Accounts Payable, Bookstore Accountant, Payroll and Bursar a list of outstanding checks each month. Accounts Payable, Payroll and the Bookstore Accountant are responsible for researching all vendor and employee outstanding checks and contacting the payee to inquire about receipt of the checks. The Bursar is responsible for researching all student outstanding checks. Student outstanding checks which are the result of federal or state funding must be voided and the funds returned to the appropriate federal or state agency. Federal funds must be returned to the Department of Education within 240 days of issuance if not cashed.

The Bank Accountant is responsible for following the *Unclaimed Property Reporting Instructions* issue by the State Treasurer. Every year a *Report of Unclaimed Property* Form is submitted by July 1 for the period ending March 1. Outstanding checks with an issue date of three years old is moved to the unclaimed property account to be evaluated for reporting to the state. Payroll checks with an issue date of one year old as of March 1 are moved to the unclaimed property account to be evaluated for reporting to the state.

### **9.9 1099 Processing**

The Accounts Payable Manager is responsible for obtaining a W9 from all vendors who are paid for services if their tax status is not clearly indicated on the invoice received. 1099's are generated and reviewed each year by the Accounts Payable Manager ensuring all federal guidelines are followed and all deadlines are met.

### **9.10 Document Imaging and Filing**

#### **9.10.1 Electronic Imaging**

All invoices and check copies are scanned by the Accounts Payable Associates into BDMS, the District's document imaging software. The images are indexed by check

number, invoice number and vendor number and vendor name to allow easy retrieval of the images from within the Banner software.

**9.10.2 Paper Filing**

All check copies with original documentation are filed in check number order in the Accounts Payable file room.