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## SECTION 1: POLICY STATEMENT AND PURPOSE

The University has an obligation to ensure that payments to its vendors are made in a timely manner; in agreement with all vendor and/or contractual obligations, all internal University policies, and applicable federal, state, and local laws; and by methods most beneficial to the University. Fulfillment of these duties affects the University's business relationships and reputation.

The University has developed this policy for payments and reimbursements in order that its payments are made efficiently, transparently, and in line with industry best practices.

The focus of this policy will be payments and reimbursements made through Accounts Payable and the Business Office. While this policy touches on payments made by University credit card, the credit card program is addressed separately and in greater detail in policy 405.202P: University Credit Cards.

This policy does not cover payments related to salaries or wages (see policy 405.301: Payroll) or tuition or financial aid refunds made to students.

This policy applies to all University employees, students, and payees.

## SECTION 2: PAYMENT METHODS

- A. All University non-payroll payments are made under the supervision of Administrative Services and Financial Services via Accounts Payable, the Business Office, or the University's credit card program.
- B. The University employs various methods of payments for University business, listed below in order of preference:
  1. **Invoice paid by Accounts Payable** via Single Use Account (SUA)/central purchase card system, Automatic Clearing House (ACH) or Electronic Funds Transfer (EFT), or check.
    - a. Best for regularly occurring purchases and large-dollar purchases.
    - b. Best purchase control.
    - c. Good rebate capture.
    - d. Best tracking and maintenance of payment history and detail.
  2. **University Credit Card**
    - a. Best for small-dollar incidental purchases, travel and entertainment expenses, and online purchases.
    - b. Intermediate purchase control.
    - c. Good rebate capture.
    - d. Intermediate tracking of payment history and detail.
    - e. Better tracking of outstanding/pending expenses compared to personal reimbursements.
    - f. Reduces disbursements of petty cash, check requests, and employee reimbursements, and the associated processing costs and time.
    - g. See policy 405.202P: University Credit Cards for appropriate usage.
  3. **Cash Advance**
    - a. For travel only in circumstances in which it is known that credit cards will not be accepted.
    - b. Requires excellent maintenance of receipts/purchase documentation.
  4. **Personal Reimbursement via Accounts Payable or Petty Cash (generally, less than \$50)**
    - a. Strongly discouraged.

- b. Appropriate only in unexpected situations, or if a University credit card is not accepted or functioning properly.

**5. Petty Cash**

- a. Small-dollar purchases or reimbursements in which tax implications are not present.

**6. Wire Transfer**

- a. Generally, for international transactions only.

C. Purchases between entities within the University (e.g., Central Supply, Bookstore, O'Reilly Family Event Center (OFEC), Carbon Copy) must be paid via internal funds transfer (in order that the University does not pay credit card processing fees on its own transactions).

D. The payment method used is determined by the type of purchase, terms agreements with vendors, the payment method(s) accepted by an individual vendor, and University policy. The table below provides guidance for payment methods appropriate by purchase type:

<b>Purchase Type</b>	<b>Examples</b>	<b>Payment Method</b>	<b>Other Applicable Policy</b>
Standard office supplies via Central Supply	Paper, pens, staples, etc.	Internal Funds Transfer	405.101P: Purchasing 405.1XXP: Centralized Purchasing
Common goods & services via invoice	T-Shirts, uniforms, utilities, phone service, computing equipment, etc.	Accounts Payable	405.101P: Purchasing 405.102P: Competitive Bidding 405.104P: Computing Hardware & Software Procurement
Retail and online purchases of common goods & services from vendors without credit agreement	Amazon, Home Depot, Walmart, etc.	University Credit Card	405.101P: Purchasing 405.202P: University Credit Cards
Uncommon goods & services via invoice	Contractors, consultants, insurance, etc.	Accounts Payable	405.101P: Purchasing 405.102P: Competitive Bidding 405.105P: Procurement of Professional Services 405.106P: Procurement of Architectural, Engineering, and Construction Services
Travel, business meals	Recruitment, team travel, travel for professional development, etc.	University Credit Card; Accounts Payable	405.101P: Purchasing 405.202P: University Credit Cards
Professional development, memberships, Subscriptions	Conferences, required membership fees, etc.	University Credit Card (preferred); Accounts Payable	405.101P: Purchasing 405.103P: Meals, Travel, Professional Development, and Entertainment 405.202: University Credit Cards
Miscellaneous & small-dollar Purchases (<\$50)	Books, office sundries, etc.	University Credit Card (preferred); petty cash; personal reimbursement (discouraged)	405.101P: Purchasing 405.202P: University Credit Cards

Non-employee payments	Honoraria, non-employee reimbursements, study subject payments, contract labor to individuals, etc.	Accounts Payable	405.101P: Purchasing
Purchases from University businesses	Bookstore items, tickets at OFEC, postage or copy services	Internal Funds Transfer	405.101P: Purchasing 405.202P: University Credit Cards
Employee Stipends/Bonuses	Merit bonuses/awards, stipends for additional duties, etc.	PAYROLL ONLY	405.301P: Payroll

### SECTION 3: TIMEFRAMES FOR SUBMISSION OF PAYMENT REQUESTS

- A. Invoices must be coded, approved, and forwarded to Accounts Payable immediately upon receipt by an individual department.
  - 1. Late fees incurred due to untimely submission of invoices and /or check requests will be billed to the department which caused the delay in payment.
- B. Check requests, reimbursement requests, and cash advance documentation must be submitted to Accounts Payable no later than the 15<sup>th</sup> of the month immediately following the month in which the expense or travel occurred, or by the due date required by the payee, whichever comes first.
  - 1. Reimbursement requests for expenses more than 90 days old will not be reimbursed.
- C. It is strongly recommended that wire transfer requests be submitted no fewer than five (5) business days before the payment is due.

### SECTION 4: ISSUANCE OF PAYMENTS

- A. Payments are issued **only** upon receipt of one or more of the following properly coded, documented, and authorized items:
  - 1. Vendor Invoice
  - 2. Form 405.201F1: Check Request
  - 3. Form 405.201F2: Travel Reimbursement Request
  - 4. Form 405.201F3: Petty Cash Request
  - 5. Form 405.201F4: Cash Advance Request
  - 6. Form 405.201F5: Wire Transfer Request
- B. Payments will not be issued based on:
  - 1. Vendor statements
  - 2. Order confirmations
  - 3. Packing slips/bills of lading
  - 4. Quotes/proposals
  - 5. Explanatory notes or emails
  - 6. Phone calls or oral requests

- C. Payments will not be issued for requests lacking backup documentation (see Section 5 below).
- D. Except on rare occasions, Accounts Payable will prepare and transmit no less than one batch of payments per week.
  - 1. Accounts Payable payments, including cash advances, will be made according to the terms and due date negotiated with the vendor or shown on the request form.
    - a. If no terms or due date are shown, invoices will be paid within 30 days of the invoice date or the next payables run (depending on the age of the invoice).
- E. Petty Cash disbursements will be made from the Cashier's desk upon request.
- F. Wire transfers will be completed by the due date shown on form 405.201F5: Wire Transfer Request.

## SECTION 5: REQUIREMENTS FOR INVOICES, CHECK REQUESTS, REIMBURSEMENT REQUESTS

- A. All payment requests must be approved via the following hierarchy:

Purchase Threshold	Purchase Approver(s)
\$1-499	Budget Manager/Dept. Chair
\$500-1,499	Budget Manager + Budget Manager's Supervisor (e.g., dean)
\$1,500-99,999	Budget Manager + Budget Manager's Supervisor + Divisional Vice President/Executive Dir.
\$100,000-249,999	Budget Manager + Budget Manager's Supervisor + Divisional Vice President/Executive Dir. + Chief Financial Officer
\$250,000-499,999	Budget Manager + Budget Manager's Supervisor + Divisional Vice President/Executive Dir. + Chief Financial Officer + President

- B. While student organizations and student employees may initiate a payment request, the request must be finalized by a non-student University employee via the above hierarchy.
- C. Required accounting and authorization information:
  - 1. Full General Ledger account number
  - 2. Approval signature(s) (legible)
  - 3. Date of approval
  - 4. PO Number (if applicable)
- D. Required payee information:
  - 1. Full name of individual of business (including Doing Business As (DBA) name, if applicable)
  - 2. Address
  - 3. Phone number
  - 4. When using forms 405.201F1 or 405.201F2, the payee's social security number or Drury University ID number must be included.
- E. Documentation is required for all University payments
  - 1. Appropriate documentation

- a. **Itemized** vendor invoice showing prices for all goods/services purchased.
- b. **Itemized receipts** showing merchandise prices for each item and a total cost.
- c. **Itemized and tip copies from restaurant transactions**
  - 1) According to IRS regulations, business meals and entertainment expenses “must directly precede or follow substantial and bonafide business discussion for the purpose of obtaining income or other specific trade or business benefit.”
  - 2) The following documentation is required by the IRS and thus by Drury, and is to be provided for each restaurant transaction shown on the statement:
    - a) Itemized receipts
    - b) Date and amount of the expense (including tip)
    - c) Name and location of where the meal/event took place
    - d) The number of people served
    - e) Purpose of business meeting
- d. **Itemized, complete hotel folio/bill**, showing **all** room and incidental charges and total bill.
- 2. Invalid documentation
  - a. Packing slips, bills of lading, or order confirmations
  - b. Vendor statements
  - c. Quotes/proposals
  - d. Tip-only receipts from restaurants
  - e. Summary-only receipts (i.e., receipts showing only the amount owed and user signature)
  - f. Payee-written notes or emails
  - g. Illegible receipts
- F. IRS Form W-9: Request for Taxpayer Identification Number and Certification is required for all businesses and independent contractors who will be paid \$600 or more over the course of a calendar year. This form must be received by Accounts Payable before payment will be disbursed to a vendor, regardless of amount.
- G. Service vendors must have on file with the University appropriate insurance certificates (see policy 405.101P: Purchasing) before payment will be disbursed to the vendor.
- H. Individuals requesting reimbursement related to road-vehicle travel and mileage must have on file proof of completion of a motor vehicle record check (form 404.001F1) and online driver training (see policy 404.002P: Use of Vehicles for University Business) before payment will be disbursed.

## SECTION 6: RECURRING PAYMENTS

- A. Preparation of requests for recurring, static-amount payments (e.g., contractual rents, leases) is the responsibility of an employee within the department responsible for the expense.
- B. Recurring requests are due to Accounts Payable no later than two weeks before the first payment is due.

## SECTION 7: CASH ADVANCES

- A. Cash advances will be made only to non-student University employees.
- B. Upon issuance of a cash advance, a debit for the amount of the advance is placed on the University account of the employee payee.
- C. In order that the charge may be relieved, the employee payee must provide to Accounts Payable documentation for all expenses incurred with the advanced funds and/or the balance of all unused funds.

## **SECTION 8: WIRE TRANSFERS**

- A. Wires will be initiated only by the Director of Business Services, the Chief Financial Officer, or the Controller.
- B. Once initiated, wires must be confirmed by another authorized employee who is not the initiator, typically the Chief Financial Officer, the Director of Business Services, the Controller, or a General Accountant.
- C. It is the responsibility of the employee who initiates the wire to create a journal entry for the internal transfer of funds between the appropriate accounts.

## **SECTION 9: PETTY CASH**

- A. Petty cash disbursements typically are intended to reimburse or pay for small-dollar (<\$75) incidental purchases for which an alternate payment method was not available.
- B. Petty cash may be used sparingly for larger purchases such as payroll advances and payments for which the total amount is unknown until a transaction is completed (concert/event settlements, vehicle registrations, etc.). These larger expenses must be transacted and approved by an Administrative Services or Financial Services employee.
- C. Petty cash payments and reimbursements require the same level of detailed documentation as other payment forms (see section 5 above).

## **SECTION 10: EXEMPTION FROM SALES TAX**

Drury University is exempt from sales and use tax in Missouri and various other states.

- A. All employees are responsible for ensuring that purchases within Missouri and other applicable states are not charged state sales and use tax.
- B. If sales tax is charged on a purchase in error, the employee responsible for the purchase must contact the vendor to obtain credit for the sales tax.
- C. Avoidable sales tax (retail, hotel, etc.) on purchases made with personal funds will not be reimbursed.
- D. Tax-exempt certificates for Missouri and other states may be found at [www.drury.edu/tax-exempt](http://www.drury.edu/tax-exempt).

## **SECTION 11: SETUP, MAINTENANCE, AND USAGE OF THE ACCOUNTS PAYABLE SYSTEM**

- A. The following tasks are restricted to the Accounts Payable Coordinator and his/her supervisor:
  - 1. Setup and general maintenance of the system (excluding software duties performed by the University's technology departments)
  - 2. Addition of new vendors, editing of existing vendors, and maintenance of the vendor master
  - 3. Entering of invoice and payment data
  - 4. Payment disbursement from Accounts Payable

## **SECTION 12: RECONCILIATION OF ACCOUNTS**

- A. All payment disbursement accounts will be reconciled at least monthly.
- B. Any discrepancies will be resolved before the next month's reconciliation begins.

- C. Reconciliation documents will be stored on Financial Services' shared drive.
- D. The Controller will be responsible for ensuring completion and accuracy of disbursement account reconciliations.

## **SECTION 13: INTERNAL CONTROLS**

- A. Segregation of Duties
  - 1. The University requires segregation of various roles within the purchasing and payment procedures in order to minimize the risk of fraud, concealment of errors, and/or loss.
    - a. The authorizer of a transaction must not be the recipient of funds disbursed.
    - b. Departments must separate, as much as possible, the functions of purchasing, receiving, invoice processing and approval, and account reconciliation.
    - c. The functions of purchasing and Accounts Payable must not be fulfilled by the same employee.
    - d. An employee responsible for disbursing funds from an account must not be the employee responsible for reconciliation of the same account.
    - e. No employees who perform Accounts Payable functions will be given access to stamps bearing the signatures of the University's authorized check signers.
- B. Signatory Authority
  - 1. The signing of University checks is restricted to the persons and amounts identified in policy 400.004P: Signatory Authority.

## **SECTION 14: REPORTING**

- A. The Accounts Payable Coordinator will be responsible for preparing, transmitting, and filing IRS Form 1099 for all required vendors.
- B. The Accounts Payable Coordinator will be responsible for preparing any Accounts Payable reports requested by the University's external auditor(s).
- C. Accounts Payable records and reports will be kept on file as required by policy 404.003P: Document Retention.

## **SECTION 15: ETHICAL PRACTICES**

- A. All University employees are governed by the ethical policies outlined in the *Faculty Handbook* and *Staff Policy Handbook*.
- B. Additionally, all employees and students making payments for or receiving payments from the University must comply with the principles outlined in policy 405.000P: Standards of Business Conduct.

## **SECTION 16: ENFORCEMENT**

- A. Violation of any portion of this policy may result in disciplinary action, up to and including termination of employment.



- B. Employees who incur expenses in violation of this policy will be expected to reimburse the University for the amount of the expense. The amount of any unauthorized expense will be added to the employee's University account. Standard terms of payment will apply.
- C. See policy 405.000P: Standards of Business Conduct for more information.