

**Accounts Payable  
Policies and Procedures  
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## **Accounts Payable Policies and Procedures**

### **I. Background**

The Accounts Payable Department is the culminating area for the flow of processes to acquire and pay for goods and services throughout the University (with the exception of payroll). Consequently, it is imperative that the all processes prior to reaching Payables be complete and accurate. The following policies, when combined with Purchasing, Receiving, and Employee Expense policies, provide for a smooth and timely flow of cash to vendors and employees. Accounts Payable seeks to maintain a satisfactory credit standing with vendors.

### **II. Policies**

The Accounts Payable Department will process financial documents in a timely and accurate manner and provide fiscal controls through its procedures. Accounts Payable is responsible for a variety of functions associated with the process of making non-payroll payments to suppliers and employees. Accounts Payable performs data entry of payment and financial transaction documents as well as administering travel and expense reimbursements to faculty and staff. The department provides customer service regarding all facets of the payment process, assists with corrections, and works with the Purchasing Department to ensure compliance with University policies and procedures. Accounts Payable will not prepare a check without the proper approvals in accordance with ORU's various policies and procedures.

All invoices are to be paid within the lesser of thirty (30) days, the discounted due date or the due date on the invoice, receipt of goods or services, and completion of inspection and approval of the goods or services, or as spelled out in the contractual agreement. Exception: any trade discounts available for early payment should be achieved. If a dispute arises, the 30-day rule is waived until the dispute is resolved. Upon resolution of the dispute, a written explanation must be attached to the approval to explain why the approval was delayed. In the case of error on the part of a vendor, the 30-day period will begin upon receipt of a corrected and approved invoice by the agency.

### **III. Procedures**

The Accounts Payable Department processes payments for invoices and check requests and performs other functions.

After all appropriate approvals and verifications have been obtained, checks are prepared by the Accounting Department and sent to the appropriate departments in regular mail. The Accounting Department will mail and/or distribute all checks with the necessary attachments, remittance stubs, and other documentation.

In addition to normal vendor payment or check request processing, certain kinds/types of payments will be discussed in greater detail below.

A. Invoices for Goods or Materials

The Accounts Payable Department pays invoices for goods when the purchase order matches the invoice and Accounts Payable views evidence that the goods or services have been received. For purchase orders, the Purchasing Department enters the receipt of goods into the Purchasing computerized system. Also for electronically initiated purchase orders, the computer system checks for the availability of budgeted funds before a purchase order is issued (see electronics in Purchasing policies). A hard copy of the receiving report should be sent to Purchasing by the Receiving Department (see Shipping and Receiving Department policies). If the invoice exceeds the purchase order amount, the receiving report shows shortages or damaged goods (see Purchasing policies for appropriate actions).

B. Invoices for Services

Invoices for services will be paid after the Accounts Payable Department matches the invoice with the purchase order, the cost center manager signs off for the receipt of services, and a completed Form W-9 is on file in Accounts Payable. It is the responsibility of Accounts Payable to obtain and maintain accurately completed Form W-9s.

C. Check Requests

Check requests will be processed only when the request has all proper signature approvals, availability of budgeted funds is verified, and the request is completely filled out, including the following:

1. Date
2. Dollar amount to be paid
3. Name and address of payee
4. Explanation of reason for check request
5. Responsible cost center employee authorizing the check
6. Cost Center manager's authorization
7. Proper account coding for cost center charges
8. An original invoice

Checks requests will be utilized only for the following:

1. Honorariums
2. Postage
3. Royalties
4. Insurance Payments

5. Reimbursement to Students
6. Tax Payments
7. Legal Fees
8. Consultant Fees

Other purchases should be processed through the standard Purchasing Requisition process. Incomplete check requests will be returned to the requestor (see separate policy on Employee Expense Reimbursement). Check requests must arrive in the Accounts Payable office four (4) days before the check is needed.

A signature card must be on file with the Accounts Payable Department for each cost center manager up to and including the President of ORU. Signature comparisons of the approval and the signature card will be made for check requests over \$2,000 and at other times for smaller amounts on a test basis. If there is a question regarding approvals, the Accounts Payable staff will seek further verification.

D. Student Refunds

The Accounts Payable Department must receive a Student Accounts receivable system report request from Student Accounts with two signatures before a refund check will be prepared. A student refund list must be approved by either the Vice President and CFO or the Controller.

E. Payments for Development Department Agreements

From time to time, the Development Department enters into financial agreements with donors, such as gift annuities, which require periodic payments. The Accounts Payable Department will enter such payments into the computerized system on an annual basis based upon instruction from the Development Department. Checks will be prepared automatically on an annual basis. When such agreements are first entered into the system, the ending date for automatic payments is April 30 (ORU's fiscal year end) or the new fiscal year-end if changed from April 30.

Each year the Development Department sends documentation to the Accounts Payable Department authorizing another year's automatic payments to the recipient. It is the responsibility of the Development Department to establish a method of determining when such payments should stop based upon death or other identified circumstances. When such events occur, the Development Department is to notify Accounts Payable to stop automatic payments immediately.

F. Lost or Misplaced Checks

Any checks that are not received by the designated party (vendor, department, employee, student, etc.) are to be immediately stopped for payment at the bank on which the check was drawn. Notification should be made to the Director of Cash Management so that the appropriate paperwork is completed and communicated with the University's bank. Assuming that all approvals and verifications were proper, a new check will be issued once it is determined that the lost check has not cleared the Bank. If the check has already cleared the bank, a copy of the check (front and back) is to be obtained from the bank and given to Internal Audit for follow up and resolution.

G. Sales Tax

Oral Roberts University is exempt from payment of Oklahoma Sales Tax levied by the State of Oklahoma, any county or municipality, on purchases of tangible personal property or services, including materials, supplies, and equipment purchased for construction and improvement of buildings and other structures owned and operated for educational purposes.

68 Oklahoma Statutes, Section 1356 (11) (Supp. 1997)

68 Oklahoma Statutes, Section 1370 (B) (Supp. 1997)

No sales tax should be charged on invoices to Oral Roberts University, unless the purchase order specifies "Subject to Sales Tax." Please contact the Office of the Vice President and CFO for a copy of the Oklahoma Sales Tax Exemption letter.

H. Abnormal Circumstances

In all situations where there are exceptions to the policies or procedures above (shortages, holds, incorrect amounts, etc.), the Accounts Payable Department will take whatever steps are necessary to resolve the exceptions, making sure that proper approvals and verifications are approved.

IV. Unallowable Purchases

To establish responsible stewardship of University resources the following purchases/payments will not be permissible:

- **Cash advances** (Excluding student per diem requested on approved travel for the University)
- **Flowers**
- **Personal gifts**
- **Fuel for personal vehicles and University-provided/sponsorship vehicles to employees** (Excluding fuel for business trip rental cars)

- **Meals** (Excluding business trips and business luncheons with external affiliates. Meals for meetings with University employees only will not be reimbursed with the exception of Sodexo provided meals for on-campus meetings.)
- **Alcohol** (Or any other purchases in violation of the ORU Honor Code)
- **Entertainment** (Excluding Development entertainment expenses)
- **Cell phone expense reimbursements** (All cell phone expenses will be handled through the approved cell phone policy and stipend payments)
- **Printing Services** (All printing services must be coordinated through Pitney Bowes)
- **Travel and meal expenses for family members** (Except for business-related travel that is pre-approved by the Vice President and CFO)