

PURCHASING AND ACQUISITIONS
ACCOUNTS PAYABLE

CFF
(REGULATION)

PURPOSE AND
INTRODUCTION

Business Services is responsible for providing the accounts payable functions for the College. Accounts Payable services provided include the processing of vendor invoices, employee travel reimbursement and procurement card reconciliation.

GENERAL
PROCEDURES

Payment for goods or services is made either using the purchase order process or the procurement card process. Verification that the goods or services have been received must be made prior to payment. Occasionally a prepayment must be made prior to goods or services being rendered. In those cases, a supporting document request must accompany payment.

Invoices are to be remitted to Accounts Payable for processing, preferably via e-mail as noted on purchase orders. Any invoice that is inadvertently misdirected should be forwarded to Accounts Payable immediately. This will ensure timely processing of invoices. Accounts Payable will not make payments based on sales orders, packing slips or statements.

The College disburses funds for payment of goods or services only when the following conditions have been met:

1. Expenses must be for a valid business purpose.
2. Goods or services must have been procured in accordance with College procurement regulations. (See Admin Reg CFD)
3. Transactions must have been approved by an individual authorized to approve funds to be disbursed.
4. Goods or services must have been received or prepayment properly authorized.
5. Transactions must include complete and accurate supporting documentation.
6. Transactions must be allocated to the proper account codes.
7. Payments for goods or services are made only to the provider of said goods and or services and will not be made to a third party.

ALLOWABLE
BUSINESS
EXPENSES

Allowable business expenses include necessary, reasonable, appropriate and allowable non-compensation expenses incurred for valid business purposes to fulfill the mission of the College. Allowable business expenses may be reimbursed to an individual if the expenses were paid using personal funds.

In order for a vendor to be paid directly by the College or for an individual to be reimbursed, a business expense must be:

1. necessary to perform a valid business purpose fulfilling the mission of the College;
2. reasonable in that the expense is not extreme or excessive and that it reflects a prudent decision to incur the expense;
3. appropriate in that the expense is suitable and fitting in the context of a valid business purpose;
4. allowable according to the terms of any College, State or Federal regulation; and
5. properly documented with original receipts.

PAYMENT TERMS

The College payment terms are 'Net 30' unless otherwise noted on either the contract or the invoice. Departments are not authorized to negotiate different terms or to make special arrangements concerning payment terms. A W-9 must be on file in Accounts Payable before payments can be processed to any vendor.

PAYMENT
METHODS

The College utilizes the following payment methods:

1. checks or direct deposits issued to a vendor;
2. checks or direct deposits issued to an employee for reimbursement;
3. procurement card purchases; and
4. wire transfers.

PAYMENT
PROCESSING

Properly authorized and required documents submitted to Accounts Payable for payment shall be processed within four business days after the receipt of said documentation. Checks are processed every Thursday unless the College is closed or the work week is too short to process the check run. The exception is an emergency situation where a rush payment is required. In the event of an emergency payment being required, the check shall be issued the same day that the documentation was received in Accounts Payable.

PAYMENT
AUTHORIZATION

A full legible signature of the individual authorizing payment is required. Initials are not accepted. Only individuals designated as authorized approvers may approve payment. Approvers are responsible for ensuring that the proper College expenditure accounts are being charged for the payment.

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TAX EXEMPTION

Brazosport College is exempt from state sales tax. Staff who order goods or services are required to inform suppliers of the tax exempt status to ensure that no sales tax is charged to the College for a purchase. The tax exempt certificate is available on the EmployeeInfo drive for use by College employees. If sales tax is charged on a vendor's invoice, the Accounts Payable Specialist will contact the vendor and have the tax removed. If sales tax is charged against a procurement card, it is the responsibility of the card holder to contact the vendor and have the sales tax refunded. When the sales tax is not refunded the employee will be required to reimburse the College for the taxes.

VOIDED CHECKS

Voided checks are not to be destroyed. If a check is no longer needed, it is to be returned to Accounts Payable. If a check needs to be reissued, contact Accounts Payable.

TRAVEL CASH
ADVANCES

A travel requisition must be entered electronically and routed for approval before any cash travel advance may be initiated. Cash advances for travel will not be made if the dollar amount is less than \$300.00. Cash advances for travel will be processed within ten business days of the travel.

HONORARIUMS

An honorarium is a gift, not a form of payment for services. If the individual is expecting payment for services, then an honorarium is not appropriate. A contract should be agreed upon and executed for services. Department staff must submit a requisition for a purchase order for the honorarium to be paid with approvals and documentation.

Under IRS regulations, honoraria payments are considered taxable income and must be paid to the recipient and not transferred to a business or organization.

1099 PAYMENTS

It is extremely important that any payment for work done by a student or employee of the College be processed through Human Resources rather than Accounts Payable. Payments made in excess of \$600.00 in a calendar year are made to individuals through Accounts Payable are reported to the IRS on Form 1099. Contact the Director, Business Services, if you have questions on the proper payment of an individual.

PAYMENT TO
NON-RESIDENT
ALIENS

If payment is being made to an individual who is not a US Citizen, Form W8-BEN or Form 8233 must be filled out prior to payment being processed or issued. Payment to non-resident aliens is subject to withholding at a rate of 30% unless the individual qualifies for a reduced rate under a tax treaty. Contact the Director, Business Services, for assistance.