



The College of
WILLIAM & MARY

Accounts Payable

Training Manual

Payment Processing

Travel

This notebook contains the accounting policies and procedures by which departments should prepare the necessary documents to process payments in accordance with the Code of Virginia.

Resources available to departments are included. Our goal is to provide the tools and resources needed to process payments in a timely and efficient manner.

Departments are responsible for all expenditures and revenues related to its funds/indexes. These responsibilities include:

- Timely processing/submission of vendor invoices and travel reimbursements
- Maintaining proper documentation for all expenditures
- Reconciliation of monthly reports

The **Accounts Payable Office** is responsible for all disbursements of the entire College. Its responsibilities include:

- Reviewing expenditure documents for compliance with state policies and procedures
- Communicating policy changes to the College community
- Training departmental employees on policies and procedures effecting disbursements
- Provide information to departments and vendors regarding payments
- Serve as a resource to all departments regarding payment processing

The payment process should be viewed as a cooperative effort between the departments and the Accounts Payable office. We must depend on each other and work together to accomplish our goals.

INTERNAL CONTROLS

The State Comptroller's Office establishes internal controls and policies to be followed by state agencies. These are set forth in the Commonwealth Accounting Policies Procedures Manual (CAPP Manual). This manual offers detailed procedures, such as computation of payment due date, as well as reporting requirements.

In accordance with the CAPP Manual, the Accounts Payable Office assures internal control by:

- Auditing vouchers for proper amounts, signatures, due dates, vendor name, federal ID and Banner ID, attachments, and forms. (e.g. Comparing purchase orders and requisitions to receiving reports and invoices prior to payment)
- Assigning voucher numbers to each invoice.
- Maintaining original documents.
- Reviewing payments made after the actual required due date to maintain compliance with the Prompt Payment Act.

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www.wm.edu/financialoperations/



PAYMENT PROCESSING

ACCOUNTING FORMS and TERMS

Vendor Payment form: A form the department uses to record information needed to make payment for goods or services rendered. This form is used for direct pays and regular payments.

Business Meal Form: This form is used for all non travel related meal reimbursements. You must list all attendees and the reason for the meal.

Travel Expense Reimbursement voucher, This form is used to reimburse an **individual** for travel related expenses.

Encumbrance: Obligating or reserving funds prior to issuing a purchase order or payment process. When the purchase order is issued the requisition encumbrance is released and the dollar amount on the purchase order is encumbered.

Direct pays: A payment made without an encumbrance.

Invoice: The document the vendor sends to the department to bill for the goods or services rendered. Departments must have an invoice before payment can be made to the vendor. Departments must attach the original invoice to the accounting voucher then send to the Accounts Payable Office in order for payment to be made. All invoices must be stamped with the date they are received from the vendor.

Packing Slip: A list of items the vendor shipped. This list usually comes with the goods shipped and usually includes quantities shipped but no pricing information. The department should use this form to keep a record of when the goods were received. **DO NOT SEND THIS FORM** with your voucher and invoice.

Purchase Order: A document prepared by eVA; your official purchase order number always starts with DO

Statement: A monthly report of the account balance sent by the vendor. If the vendor has not received payment within a certain period of time, they may send a statement. Payment cannot be made from a statement unless the department has an agreement to pay the vendor monthly. In that case, the statement must have all the itemized purchases attached to the statement and the department must include documentation that verifies payments will be made from statements on a monthly basis

GENERAL PROCEDURES FOR VENDOR PAYMENTS

- 1) Hold the purchase order until:
 - the goods/services are received, and
 - the invoice is received.
- 2) Upon receipt, stamp or write the date invoice is received on the face of the document (i.e., "Received xx/xx/07").
- 3) Compare the invoice and order for price, quantities, description, vendor name, and "remit to" address. Note that you may order from one place and remit payment to another. Be sure to use the remittance address that is shown on the invoice. Make this change on the payment request form that is sent to make the payment.
- 4) Prior to finalizing the payment request for submission to the Accounts Payable Office for payment, verify the following information.
 - Amount
 - "Remit to:" Address should be used on payment voucher
 - Banner number
 - Date goods or services were received
 - Index
 - Account Code
 - Vendor invoice number - (Faxed and invoice copies require written explanation of circumstances. This information should accompany the payment voucher.)
 - Vendor invoice date
 - Payment due date (30 days after the receipt of the invoice or the goods or services whichever is later)
 - Partial or final liquidation (Can only be used on Purchase Orders)
 - Payment approval signature
 - All signatures should be signed in ink

- 5) Attach the invoice Vendor Payment form
- 6) Send the payment voucher to the Accounts Payable Office allowing at least two weeks (10 working days) for processing before the payment is due to the vendor.
 - Only one invoice is allowed per payment request.
 - For partial payments on ENCUMBERED Purchase Orders, make a notation as to which lines are being paid.

PROMPT PAYMENT POLICY

The 1984 General Assembly of Virginia enacted the Prompt Payment Act. The Act requires state agencies to make payment to vendors within 30 days of the receipt of the vendor's invoice or 30 days of the receipt of the receipt of the purchased goods or services, whichever is later.

Most payments to outside vendors are covered by the Act with the following exceptions:

- subscriptions
- honorariums
- memberships
- postal supplies

If there is a dispute between the vendor and department regarding the purchase of goods or services, the 30-day time period begins when the problem is resolved with the vendor. The calculated due date is thirty days from the resolution date.

The State Corporation Commission (SCC) rules for utility payment supersede the prompt payment guidelines. Public utility companies do have the authority to assess late charges and fees for payments received after their specified due date. Therefore prompt payment is doubly important. Often the specified payment due date is 10 to 20 calendar days following the vendor's billing date, and mail delays or internal procedures for approval and payment can add to the timing problem. If you have problems, the Accounts Payable office can help you with identifying and expediting utility payments to avoid late payment penalties. Cell phones and pagers are not classified as utilities.

It is important for all departments to strive to have 100% compliance with the Prompt Payment Act in order for the College to meet the criteria for decentralization. The College must maintain a compliance rating of 95% or better to meet the management standard for prompt pay.

ACCOUNT CODES

Account codes classify the different expenditure categories. This information is used for accounting control in the departments, financial management, and budget control. This is a brief outline of the account codes:

712xxx Contractual Services - Includes expenditures for communication services, employee development services, health services, management and informational services, repair and maintenance services, support services, technical services, and transportation services.

712xxx Transportation Services – Includes expenditures for moving and relocation services, personal vehicle travel, public carrier travel, state vehicle travel, subsistence and lodging, and travel supplements and aid.

713xxx Supplies, Materials, and Equipment Less than \$500 - Include expenditures for administrative supplies, energy supplies, manufacturing and merchandising supplies, medical and laboratory supplies, repair and maintenance supplies, residential supplies, specific use supplies, and equipment costing less than \$500. (Equipment costing \$2,000 and more should be coded in the **22xxx** account code series==See note in “22xxx Capitalized Equipment” below regarding equipment less than \$2,000.00).

714xxx Awards, Contributions, and Claims - Includes expenditures for income assistance payments, individual claims and settlements, interstate compacts and agreements, premiums, unemployment compensation awards, unemployment compensation reimbursements, and workmen's compensation awards.

715xxx Continuous Charges Budget - Includes expenditures for insurance-fixed assets, insurance-operations, lease/purchase agreements, rent, and service charges.

722xxx Capitalized Equipment - Includes expenditures for automated data processing educational, cultural, electron, photographic, medical, laboratory, motorized, office specific use, and stationary equipment costing \$2,000 or more.

Accounts Payable has the authority to change an account code if an incorrect one is used.

EMPLOYEES VS INDEPENDENT CONTRACTOR/CONSULTANT

To ensure that employees are properly classified and to comply with IRS regulations, it is necessary to determine if a worker is either an independent contractor/consultant or College employee. There is a questionnaire (commonly referred to as the 20 Question form) to be completed in order to make this determination.

All payments to individuals require a W-9 (U. S. Citizen or Resident Alien) or W-8 (Non-Resident Alien) form from the taxpayer. The W-9 form is available online:

www.wm.edu/financialoperations

Information regarding payment to individuals other than U. S. citizens should contact Lori Williams (221-2821) BEFORE the guest's expected arrival date.

CONTACT LIST - ACCOUNTS PAYABLE

Kelly Hamlin	<u>Accounts Payable Manager</u>	221-2838
Cathy Edlow	Accounts Payable Technician	221-2840
E. R. Leland	Accounts Payable Technician	221-2087
Jackie Bannister	Accounts Payable Technician	221-2857
LaTryce Harold	Accounts Payable Technician	221-2836
Denise Berry	Accounts Payable Technician – VIMS	804-684-7034
Beverlyn Ferguson	Accounts Payable Technician – VIMS	804-684-7024

• Instructions for Preparing a Travel Cost Comparison

Please see attachment from the Commonwealth of Virginia policies regarding travel routing and travel costs. The following instructions should be helpful when a cost comparison is required as part of your travel reimbursement request. Cost comparisons are to be done prior to travel.

Ask the agent for a price quote of the least expensive airfare for the dates you will be traveling. This quote should be in writing (on letterhead), or, you may have them fax you a quote. The cost comparison should always be done **before** the travel occurs.

The actual cost comparison should encompass the following items.

Travel via personal vehicle:

Note: Although we no longer have to deal with Daily Commuting Mileage on the voucher, please remember that you should not claim your daily commute as part of your total miles.

- ❖ *Round trip mileage between your base or your home, and your destination.*
- ❖ *Meals and incidental expenses (M & IE) on the days en route TO the destination and on the days en route home FROM the destination.*
- ❖ *Lodging incurred on the day en route TO the destination and on the day en route home FROM the destination. Only one day of expenses is allowed on each end of the trip.*
- ❖ *Any tolls or parking charges incurred en route TO and FROM the destination.*

Compare this cost with the air travel as follows:

- *Cost of the least expensive airfare available for the dates of your travel.*
- *Round trip mileage between your base or your home and the airport.*
- *Airport parking for the number of days that you would be out of town (any personal days must be deducted).*
- *Costs of shuttle, other ground transportation, and/or rental car at your destination.*
- *Any extra M & IE and lodging costs which would be incurred due to obtaining a lower airfare (in some instances, this may be a viable justification for using your personal car).*

If travel via air is less expensive than travel via personal car, a disallowance will be necessary.

If travel via personal car is less expensive, no disallowance is necessary; *however*, the cost comparison must be done in order to justify the use of your personal vehicle.

Since this policy is part of the state guidelines for business travel, we must comply with it.

— **Transportation: Personally Owned**

Personally-Owned Automobile Employees are permitted to use their personally-owned automobile when a State-owned vehicle is not available, or when the use of a personally-owned vehicle is cost-beneficial to the agency. Employees electing to use their personal vehicle as a matter of convenience will be reimbursed for mileage at a lower rate. (Refer to **Mileage Rates** which follows.)

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Cost Beneficial Agencies must conduct a cost/benefit analysis to determine whether a State-owned or a personally-owned vehicle is best used in official State travel.

Generally, a personal automobile is considered cost beneficial under the following circumstances:

***When occasional travel is planned for distances up to 100 miles per day-**

This distance may vary for agency-owned or operated fleets. For overnight travel, consider the average daily mileage over the Period the State Vehicle would otherwise be needed.

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Limitation When travel is by personally-owned automobile, the total transportation expenses reimbursed, including meals and lodging, should not exceed the cost of the most economical public air transportation fare available. Agency Heads or their designee are authorized to grant exceptions to this policy when justified.

REQUIRED FOR PREPARATION OF A TRAVEL VOUCHER

The following items must be completed on the travel reimbursement voucher before being sent to the Accounts Payable Office.

- 1) Banner number of traveler
- 2) Name and complete mailing address including the zip code of the traveler
- 3) Original signature of the traveler in ink and dated
- 4) Authorized approval for payment signature and date
- 5) Date of travel
- 6) Description of expenses including the name of hotels, toll facilities, telephone, etc.
- 7) Number of miles traveled
- 8) Amount claimed for mileage
- 9) Meals and the total cost including tips (M&IE)
- 10) Lodging expenses
- 11) Total of each line of charges
- 12) Total of all columns must equal the sum or the totals of the individual lines.
- 13) Amount certified for payment
- 14) Purpose of the trip
- 15) Check if voucher continuation sheets are attached
- 16) Department organization code, fund/index, and account code
- 17) Total amount Amount
- 18) Travel Authorization form for all trips over \$500.00 or out of state

ACCOUNT CODES FOR TRAVEL AND FOOD EXPENSES

- **(712820) Travel, Personal Vehicles:** Include expenses for transportation by personal vehicle. Exclude parking fees and tolls.
- **(712830) Travel, Public Carriers:** Include expenses for individual travel by aircraft (state and private sector), airport limousine, bus, leased vehicle, taxi, train, and watercraft. Include parking fees and tolls.
- **(712850) Travel, Subsistence and Lodging:** Include expenses for gratuities, lodging, and similar subsistence and for parking fees and tolls related to 12820. Include expenses for non-employee travel to conferences, training sessions, workshops and seminars.
- **(712870) Travel, Meal Reimbursements – Reportable to the IRS:** Include reimbursements for meal expenditures incurred during trips or work assignments which did not require overnight lodging or rest.
- **(712880) Travel, Meal Reimbursements – Not Reportable to the IRS:** Include reimbursements for meal expenses which were incurred during trips which required overnight lodging or rest or for special work assignments, such as business luncheons, recruiting or interviewing job applicants through the lunch hour, or any overtime work in which a meal is purchased by an employee and is eaten on the employer's premises for the convenience of the employer.

THREE TYPES OF MEAL PAYMENTS

1. **Travel Status** - Travelers are reimbursed using the Meals and Incidental Expense (M&IE) allowance for the location at which the travelers spent the night. There are no exceptions to the amount listed in the M&IE table.
2. **Business Meals** - The meals are limited to the amount shown in the M&IE table; however, when the department head approves, the limit can be increased by up to 50% if there is a valid business reason for the additional expense. Business meals are defined in the travel policy but generally mean a meal where a College employee meets with a non-College employee for the primary purpose of discussing College business.
3. **Overtime Meals** – The meal reimbursement is limited to \$5.00 if within your official station and \$7.50 if outside your official station. The employee seeking overtime meal reimbursement must put on the payment voucher his regular hours worked and the beginning and ending times of the day he is claiming overtime meals. This type of meal is taxable and will reflect on your W-2 at the end of the calendar year

EXAMPLES OF NON REIMBURSABLE ITEMS

- Lost or stolen articles
- Alcoholic beverages
- Excessive meals and lodging
- Damage to personal vehicles, clothing, or other items
- Services to gain entry to a locked vehicle
- Movies charged to hotel bills
- All expenses related to personal negligence (fines)
- Entertainment expenses
- Towing Charges
- Expenses for children, spouses, and companions while on travel status
- Gratuities (tips) since they are included in the M&IE per diem

SCHEDULE FOR SUBMISSION OF TRAVEL VOUCHERS

- Travelers must submit the Travel Expense Reimbursement Voucher to their supervisor within 30 working days after completion of the trip. In the case of continuous travel, the traveler must submit the voucher to the supervisor within 30 working days of the last day of travel for which reimbursement is requested. However, reimbursements must be processed in a timeframe that allows travel charge card payment to be made by the specified due date.

CORRECTIONS

The Accounts Payable Office will make changes to the amount on the travel voucher for obvious errors or improper charges. If a traveler can justify the expense, he or she may submit a second voucher. If a second voucher is submitted, a copy of the original voucher needs to be attached to the corrected voucher with the explanation of the additional charges.

OTHER TRAVEL EXPENSES

- Reimbursements requested for official telephone calls and telegrams made by the traveler must include the name of the parties, business purpose, and points between which the calls were made or wires sent must be listed. Use account code 1217.
- Traveler's checks, passports, and visa expenses are reimbursable with receipts.
- Expenses for conferences, registration fees, field trips, duplicating, and other business expenses will be paid if they are a reasonable and necessary part of the staff member's travel. (Transportation between places of lodging or business and places where meals are taken is covered under the meals and incidental expense per diem (M&IE).
- Each traveler must submit his or her own travel reimbursement voucher.
- Gratuities are included in the M&IE per diem. All service fees or tips, laundry expense, personal telephone calls, and transportation between places of lodging or business and places where meals are taken are reimbursed through M&IE per diem.