
Abilene Christian University

Accounts Payable

FY 2019 Campus Manual

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ACU Accounts Payable

CONTACT INFORMATION

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Location: Hardin Administration Building, Room 208G

CHECK RUN SCHEDULE

Accounts Payable processes payments two days per week:

- **Monday**
The payment request or invoice must be complete and in the Accounts Payable office by 5 p.m. on the previous Thursday.
- **Thursday**
The payment request or invoice must be complete and in the Accounts Payable office by 5 p.m. on the previous Tuesday.

PAYMENT METHODS

There are several payment options when making operational purchases on behalf of ACU:

- The ACU purchasing card provides a faster, more cost-effective method for making purchases. Not only is it easier for departments to process, but vendors receive their payments faster. 1099 tax laws do not apply to p-card payments.
- If the payee is set up for direct deposit, this will be the automatic payment method for payments requested through Accounts Payable. Direct deposit payments take approximately 1 to 3 business days from the processing day to become available in the recipient's bank account.
- Vendors may now enroll in ACU's virtual card program. Within this program, vendors are securely paid by way of a virtual credit card sent to their work e-mail. Vendors can accept the card payment electronically through their payment processing portal.
- Unless specified differently, all checks are mailed first class by Accounts Payable on the same day they are processed.
- If documents need to be mailed with the check, please indicate so on the payment request or invoice and provide a copy of the enclosures. Payments with an invoice number will not be mailed with enclosures.
- If you would like a check sent overnight, please request to pick up the check. On the applicable processing day, you will be called to pick up the check so you can overnight the payment through the appropriate mailing service.

EMPLOYEE VS. INDEPENDENT CONTRACTOR WORKSHEET

The [Employee vs. Independent Contractor](#) worksheet is to be used by an ACU department to determine whether a worker is an employee and paid through Payroll or an independent contractor and paid through Accounts Payable. According to government regulations, a worker is an employee if the purchaser of that worker's service has the right to direct or control the worker, both as to the final results and as to the details of when, where, and how the work is done. Control does not have to be exercised; rather, if the service recipient has the right to control, employment may be shown.

This worksheet should be submitted in the following situations:

- If an individual is providing services to ACU and the department is unsure if the individual should be hired as an employee or as contract labor.
- If an individual is providing services that are similar to an existing employee's job function.
- If an employee is providing services that are not connected to his/her normal job duties.

Once the worksheet is completed, it is submitted to Human Resources. Once a decision has been made, you will be informed whether the worker will be classified as an employee or independent contractor.

REPORTABLE PAYMENTS

ACU is required by the IRS to report certain vendor payments on a 1099-MISC tax form. At the end of each calendar year, the 1099's are sent to the vendors and the IRS to report taxable income. 1099's are required when the vendor's tax status is reportable **and** when the payment is reportable.

In order to process a 1099, ACU must receive a W-9 from the vendor. The W-9 may be printed or submitted electronically. A W-9 reports the vendor's name, address, tax ID number, and tax classification type. If needed, it is the paying department's responsibility to provide the vendor's W-9 to Accounts Payable. A W-9 only needs to be submitted once for each 1099 vendor. If services, a stipend, rent, royalties, gifts, awards, and or prizes were provided, please ask the payee for a W-9.

Who is Reportable?

- Domestic corporations (Inc.) → generally exempt **unless** the payment is for medical/healthcare or legal/attorney services
- Governmental units → exempt
- Non-profit organizations → exempt
- Limited Partnership (LP) → reportable
- Limited liability companies (LLC):
 - If designated as a partnership → reportable
 - If designated as S-Corp or C-Corp → generally exempt **unless** the payment is for medical/healthcare or legal/attorney services
 - If it is not designated either way on the W-9 → reportable
- U.S. citizens → reportable
- Foreign individuals or companies → exempt; see the Payment to Foreign Nationals section
- DBA's (Doing Business As) → depends on the owner's classification. DBA's are reportable under the owner's name. Therefore, look at the owner's classification type and follow the rules above.

What is Reportable?

- Non-employee compensation → examples include hourly pay, consulting, designing, construction, photography, services, membership fees, conference registration fees, customized products, etc.
- Prizes / awards → examples include door prizes, settlement awards, etc.
- Royalties' → examples include copyrights, trademarks, patents, software license fees, etc.
- Medical and healthcare payments – examples include physicals, customized products such as dentures or eyeglasses, laboratory fees, clinic visits for workers compensation, etc.; corporation exemption does not apply to this category
- Rent → examples include office spaces, real estate, machine rentals, equipment leases, car rentals, hotel lodging, and other operating leases
- Legal services → corporation exemption does not apply to this category
- Study participants

NOTE: If a payment is made with an ACU p-card, 1099 reporting does not apply and a W-9 is not needed.

PAYMENTS TO FOREIGN NATIONALS

If a foreign individual or company is providing a service to ACU outside of U.S. soil, U.S. tax laws do not apply. However, if a foreign individual or company is providing a service to ACU on U.S. soil, U.S. tax laws do apply to the payment. If services were provided within the U.S. by a foreign national, before ACU Accounts Payable can remit payment, the payee must complete an online interview process and provide documentation via [GLACIER](#). To gain access to GLACIER, please read the documentation on Payments of Honoraria to Foreign Nationals and Tax Director.

In accordance with IRS regulations, a withholding tax of 30% is generally applied to all service payments to foreign guests. If an income tax treaty exists between the U.S. and the payee's country of residence, the payment may qualify for an exemption of withholding taxes. When applicable, GLACIER will prepare the IRS treaty election form for the foreign guest to sign and submit with the other documents.

Once all the appropriate GLACIER forms and immigration documents have been filled out and provided to the paying department, the department should attach them to a completed Request for Payment form and send the documentation via e-mail to accountspayable@acu.edu.

PURCHASE ORDERS

A purchase order (PO) is a commercial document and first official offer issued by a buyer to a seller indicating types, quantities, and agreed prices for products or services. Purchase orders are used to control the purchasing of products and services from external suppliers. Below is a brief explanation of the purchase order process:

1. The department should process a requisition at the time the goods or services are ordered. When this is completed, the amount is encumbered to the budget.
2. By the next business day, the Purchasing department processes the requisition into a purchase order.
3. Once your department receives the product or the service is performed, a receiving entry completed by an employee other than the requestor must be entered into Banner.
4. *Please request that vendors send invoices and statements to the department* requesting the goods or services and not to Accounts Payable or University Purchasing.
5. Purchase order invoices must have two approvals, which can be satisfied in one of two ways:
 - In the Banner purchase order processing, the requestor and receiver should be two different people.
 - If the requestor and receiver are the same, a second authorized employee must sign the invoice or provide an email approval (a print out of the full email conversation must be submitted with the invoice).
6. Once receiving is complete and the approval requirement is met, the invoice should be sent to Accounts Payable for payment along with a W-9 (printed or electronic) if applicable. Please ensure that the purchase order number is clearly marked on the invoice.

If you would like more information or training on purchase orders, please contact the University Purchasing department or you can view the *Purchasing with Banner Finance Manual*.

REQUEST FOR PAYMENT FORM

A Request for Payment can be submitted to Accounts Payable to initiate a payment in any of the following situations:

- Reimbursements (not related to travel, meals, or entertainment)
- Refunds
- Royalties
- Rent
- Non-employee compensation
- Non-employee awards (*employee awards must be sent to Payroll*)

Any appropriate documentation should be stapled to the Request for Payment to substantiate the payment details. For reimbursements, itemized receipts must be provided for all charges totaling \$25 or more. If the payment is reportable to the IRS on a 1099, a W-9 will need to be provided to Accounts Payable. For more information on who and what is reportable, please see the [Reportable Payments](#) section. Once the RFP is complete and supporting documentation is attached, the form must be signed by the requestor and their approver/ supervisor before the form is submitted to Accounts Payable.

Short-Term Phone Plans Used for International Travel

Short-term, international phone plan reimbursements are allowed if approved prior to the trip by the employee's department. The phone plan must be deemed as required by the department to be reimbursed and cannot exceed one semester.

MOVING EXPENSES

All moving expenses reimbursed to the employee must be submitted to Payroll for payment on the employee's paycheck. Moving expenses must be reported on the employee's W-2.

INTERNSHIP PAYMENT REQUEST

Generally, an intern is a university student that is chosen by a department to perform tasks that further the student's knowledge and experience in his/her college major. When an internship is paid, the student is not hired as an employee of the University. Interns are paid a stipend to aid with their living expenses. If your department would like to hire an intern, the following steps must be taken:

1. First, the department must determine if the student's duties meet the criteria set forth by the Fair Labor Standards Act for an internship. Contact Human Resources for an FLSA fact sheet.

2. The department must draft an Internship Agreement and send the agreement to HR for approval. There must be a signed Internship Agreement for every intern. Contact Human Resources for an example of an Internship Agreement.
3. A completed Internship Payment Request which has been approved by HR, along with the Internship Agreement, W-9 for U.S. citizens, and ACH Authorization form must be submitted to Accounts Payable prior to payment.
4. If the intern is an international student:
 - a. Contact Tax Director to determine any applicable tax withholding.
 - b. Contact the Center for International Education for information on obtaining CPT status.
5. The Internship Payment Request is only for monetary stipends. If you would like to provide an intern with a scholarship, please contact Student Financial Services.

STUDENT ENTERTAINMENT REIMBURSEMENT FORM

The reimbursement of Student Entertainment expenses is a benefit provided to ACU employees to foster the interactive relationship between students and faculty/staff without the departments or the employees incurring the costs. The university will budget per fiscal year for this purpose, which will be used on a first come, first serve basis.

The HR benefit states that faculty and staff may be reimbursed for expenses incurred due to off-campus entertaining of at least 8 currently enrolled students at a time. Each reimbursement is limited to a maximum of \$40.00, and each employee is limited to a maximum of 10 reimbursements per fiscal year. To receive this reimbursement, a Student Entertainment Reimbursement form must be filled out, including the date(s) the students were entertained and two signatures (requestor and supervisor). The form must be accompanied by a student sign in sheet, listing each student's name, banner ID, and student signature. Once the form is complete, please submit to Accounts Payable for payment.

WIRE TRANSFER REQUEST FORM

The Accounts Payable department can process domestic and foreign wires using Western Union online services. To request a wire transfer, fill out a Wire Transfer Request, attach all documentation supporting the wire, and submit to Accounts Payable. When completing the request, please remember the following items:

- Depending on the payee and the payment type, tax issues may apply; please see the [Reportable Payments](#) section for more detail.
- The IBAN and Swift Code / BIC apply to foreign wires.
- The ABA Routing Number applies to domestic wires.
- The Intermediary Banking Information is optional, depending on the payee's requirements.
- Western Union charges a \$10 service fee for domestic wires and for U.S. dollars wired to a foreign country, which is charged to the requesting department.
- For wires within the U.S., the form must be complete and submitted to the Accounts Payable office before noon if you would like the funds to be received by the beneficiary the following day.

- For wires to outside countries, there is a two-day delivery period.

GIFTS, AWARDS, PRIZES, & RECEPTIONS

Please remember to follow ACU's [Gifts, Awards, Prizes, & Receptions Policy](#) when making such purchases for the University. Below are some of the policy highlights:

- **Cash**
 - When given to employees:
 - Considered taxable income
 - Fill out a [PAF](#) and submit to Human Resources for payment
 - When given to non-employees:
 - Considered taxable income
 - Fill out a [Request for Payment](#) form and include the recipient's completed W-9
- **Merchandise**
 - When given to employees:
 - If the merchandise amount totals \$75 or more, a Gift, Award, or Prize Purchase form must be completed and submitted with the payment method (Request for Payment or p-card expense report)
 - Merchandise is considered taxable income if the employee receives \$600 or more in merchandise from ACU in any given calendar year
 - When given to non-employees:
 - If the merchandise amount totals \$75 or more, a Gift, Award, or Prize Purchase form must be completed and submitted with the payment method (Request for Payment or p-card expense report) along with the recipient's completed W-9 form.
 - Merchandise is considered taxable income if the non-employee receives \$600 or more in merchandise from ACU in any given calendar year
- **Gift Cards, Gift Certificates, & Store Credits** → Gifts of these types may not be purchased using ACU funds for anyone.
- **Receptions**
 - Retirement Receptions → Expenses for a retirement reception for an employee that has been at ACU at least ten years and is at least 55 years of age may be reimbursed using ACU funds.
 - Christmas & Graduation Receptions → Expenses relating to graduation and Christmas receptions may be reimbursed when it is a legitimate ACU-related function. Each department may only have one Christmas and two graduation receptions per fiscal year.
 - Other Receptions → Non-work related school or departmental luncheons, dinners, or receptions will not be reimbursed using ACU funds. Examples include wedding showers, baby showers, or other similar events. Occasional employee birthday celebrations are acceptable.

APPROVAL SIGNATURES

All Accounts Payable documents require two approvals – the requestor and the approver or supervisor. The preferred method is two original signatures. Please note the following other options for approvals:

1. The Accounts Payable office has a list of Authorized Signers for certain departments. In the absence of the department head or supervisor, any other authorized signer may approve the payment, as long as the person requesting the payment and the person approving are not the same person. If you are uncertain of who is on your department's Authorized Signer list, please call Accounts Payable at extension 6167. If you would like to update the list, see the Authorized Signers section of this manual.
2. The document (payment request, invoice, p-card report, etc.) can be scanned and emailed to your department head, supervisor, or authorized signer who can approve the payment through email. A print out of the email approval must be attached with the documentation. The person requesting the payment and the person approving the request cannot be the same person.

AUTHORIZED SIGNERS FORM

Each department head may permit employees to be authorized signers for the department and approve Accounts Payable payment forms. The Authorized Signers form can be completed to designate these employees. This form can be filled out at any time and submitted to Accounts Payable. If the department would like to add an individual or remove someone from the list due to hirings and terminations, simply make the changes on a blank form and submit to Accounts Payable indicating the changes should be added to the current list. Each time this form is filled out or amended, the department head's signature is needed.

MISSING RECEIPT STATEMENT

ACU's receipt requirements are listed below:

- If the expense is related to travel, meals, or entertainment, an itemized receipt is required regardless of the amount.
- For operational expenses, an itemized receipt is required for transactions totaling \$25 or more.

If a required receipt is missing, you must contact the vendor for a copy of the receipt. In the event that a copy is not obtainable, a Missing Receipt Statement may be filled out, signed by the employee and his/her supervisor, and submitted in the receipt's place. The following explains when the Missing Receipt form is appropriate to use:

- For expenses related to lodging, car rental, or airline tickets, a receipt is required by the IRS. This form will not be accepted regardless of the amount.
- For expenses related to meals, entertainment, or other travel costs (not listed above):

- If the expense is between \$0 and \$75, this form should be completed if a receipt is not obtainable.
- If the expense is \$75 or more, a receipt is required by the IRS.
- For operational expenses:
 - If the expense is less than \$25, a receipt is recommended but not required. Therefore, if the amount falls below this threshold and a receipt is not obtainable, the Missing Receipt Statement is not needed.
 - If the expense is between \$25 and \$75, this form should be completed if a receipt is not obtainable.
 - If the expense is \$75 or more, a receipt is required by the IRS.
- Expenses incurred for a federal or state grant may not be coded to the grant fund unless a valid receipt is provided to support the legitimacy of the expenditure for the purpose of the grant.

ACH AUTHORIZATION FORM

The ACH Authorization form authorizes Accounts Payable to make ACH (direct deposit) payments into the payee's bank account. This form can be printed or submitted electronically. This form is not limited to just outside vendors; if an employee wishes to have their Accounts Payable payments put into a different account other than his/her payroll account, this form can be submitted.

TAX EXEMPTION FORMS

ACU is a tax exempt institution. Please note that ACU is exempt from **Texas** sales tax. For the exemption to apply, the purchase must be a valid business expense and must either be made in Texas or the goods or services must be for use in Texas. Forms are available to provide to third parties to verify our tax exempt status.

The Texas Sales and Use Tax Exemption Certification should be provided to the vendor by the employee when making general purchases on behalf of ACU to ensure sales tax is not calculated into the total cost.

The Texas Hotel Occupancy Tax Exemption Certificate should be provided to the hotel by the employee when securing accommodations for ACU business. The guest should sign and date the certificate.

The Tax Exemption Verification is a letter from the State's Comptroller's office verifying that ACU has been exempt from sales and use tax since 1983. Most vendors only require the exemption certifications mentioned above. However, this letter is provided in case additional verification is needed.

CASH ORDERS

Due to tax reporting guidelines, departments are not allowed to have petty cash for general purchasing needs. However, departments can place cash orders for special events such as gate cash or change boxes for the sale of items. Cash orders can be requested on a Cash Order form using the following instructions:

1. Fill out all the applicable boxes on the form.
2. The Payee Name will be First Financial Bank (Banner ID: 000003008).
3. Next to the Payment Description & Purpose, include the reason for the cash order and the increments of money needed. For example, 50 - \$10 bills and 20 - \$5 bills.
4. In most cases, account code 1079 should be used for cash orders.
5. The requestor and supervisor or authorized signer must sign the form. Stamp signatures are not acceptable. Please print your name if the signature is illegible.
6. Once the form is complete, please submit to Accounts Payable **two weeks prior to the event**.
7. If the form is incomplete, it will be returned to the person authorizing payments.

Once the order is complete, the requesting department will be contacted to pick up the funds in ACU's cashier's office.

USEFUL BANNER FORMS

FAIVNDH	Vendor payment history by fiscal year
FOIDOCH	View documents – REQ, PO, RCV, INV, CHK
FPIOPOV	Open purchase orders by vendor
FTMVEND	Vendor general information
SPAIDEN	All Banner ID numbers (vendors and non-vendors)