

Accounts Payable Policy

EXPENDITURES AND CASH DISBURSEMENTS

Policy: All disbursements must be for the benefit of the Foundation and/or the University and not for the private benefit of any individual. Proper internal control will be followed to ensure that only valid and authorized payables are paid. Accounting procedures will be implemented to ensure the accuracy of amounts, coding of general ledger accounts and projects, and appropriate timing of payments.

Disbursements may be made in three ways:

- Expenses generated for Foundation operations, paid by the Foundation (*Foundation Generated*);
- Expenses generated and paid by the University, reimbursed by the Foundation to the University (*University Reimbursements*);
- Expenses generated by the University, paid by the Foundation directly to the vendor (*University Generated Direct Vendor Payments*)

Procedures:

PURCHASING/APPROVAL POLICY

GENERAL

- A. In order to avoid conflicts of interest, any purchase in excess of \$1,500.00 from a vendor related to University facility or staff or with the board or staff of the Foundation and its affiliates must be accompanied by a minimum of two price quotes or bids unless approved by the Chief Financial Officer.
- B. No advance approval is required for purchases under \$ 250.00.
- C. For purchases totaling from \$250.00 to \$2,500.00, pre-approval by the Foundation is required. Goods and services provided by the University are exempt, i.e., printing, art services, campus food services, etc. Multiple bids are not required.
- D. For purchases totaling \$ 2,500.00 and above, multiple bids and pre-approval by the Chief Financial Officer and Executive Director are required. Complete and submit a Purchase Approval Form. Provide a minimum of three price quotes and identify the selected vendor. Purchases through the Foundation are not restricted to the lowest bid. However, reasonable justification must be made for selecting higher bids.

- E. Exception to the multiple bid requirements may be granted by the Chief Financial Officer.
- F. Contracts may be entered into on behalf of the Foundation according to the purchasing approval limits outlined in letters A through E. Contracts must be written in a manner which adheres to legal standards followed by the University.

UNIVERSITY REIMBURSEMENTS AND UNIVERSITY GENERATED DIRECT VENDOR PAYMENTS

- A. All University generated expenses must be approved by the Dean of the College and the Program Director.
- B. In the case of University reimbursements, a University generated invoice itemizing the expenses to be reimbursed must be submitted. The Foundation may request additional documentation when necessary and review original documentation upon notification of the Controller's Office. In the case of University Generated Direct Vendor payments, documentation requirements should adhere to those listed in the "Cash Disbursements" section of this manual.
- C. University generated expenses must also be approved by Foundation personnel prior to payment as follows:
 - 1. Purchases up to \$2,500.00 require approval by the Chief Financial Officer.
 - 2. Purchases greater than \$2,500.00 to \$25,000.00 requires approval by the Chief Financial Officer and co-signed by the Executive Director.
 - 3. Purchases greater than \$25,000.00 require approval by the Foundation Board Executive Committee.

FOUNDATION GENERATED DISBURSEMENTS

- A. All Foundation generated expenses must include the following:
 - 1. Purchases up to \$2,500 require approved by the Chief Financial Officer.
 - 2. Purchases greater than \$2,500 to \$25,000 requires approval by the Chief Financial Officer and co-signed by the Executive Director.
 - 3. Purchases greater than \$25,000.00 require approval by the Foundation Board Executive Committee.

OTHER

- A. All individuals who wish to receive direct payment, must complete a Form W-9 – Request for Taxpayer Identification Number and Certification.

- B. The Foundation is exempt from paying PA sales or use tax on purchases. Contact the Foundation Accounting Office to obtain the Tax-Exempt Certificate Number and, if needed, a copy of the Certificate. When making purchases, notify the vendor and provide the Tax-Exempt Certificate Number.
- C. An individual may be reimbursed for expenditures made on behalf of the Foundation, but original supporting documentation must be submitted to the Foundation with the disbursement request. No supporting documentation will result in no reimbursement! Supporting documentation should include authorization by the appropriate individual. An individual cannot approve a reimbursement or payment to him or herself. Reimbursements to the Director of Finance and Administration should be reviewed/approved by Board Chair.
- D. Expenditures must not be in violation of the policies established by the Foundation for disbursements. The Foundation will not reimburse for:
1. Personal expenses for family members;
 2. Personal meals when not on official travel;
 3. Purchase and/or maintenance of equipment not located on the University's property unless approval has been granted by the President, Vice President, Provost or Dean for the equipment to be located off of the University's property;
 4. Political contributions;
 5. First class or business class travel, except when extenuating circumstances occur and have been pre-approved;
 6. Payments made to a third party for honorariums, consultant fees and payments for services. Payments must be made directly to the recipient by the Foundation in order to supply the recipient with the proper Form 1099 as required by the IRS;
 7. The Foundation does not allow the purchasing and/or serving of alcoholic beverages unless it is through a licensed third party. Incurring expenses for alcoholic beverages is permitted only when such consumption is an integral part of a promotional or cultivation event;
 8. **Questionable items, such as those not in compliance with policies established by the University or the Foundation, or those that may give the perception of misuse of charitable funds;**
- E. All requests for payments must be received by the Foundation within two (2) weeks of the expenditure.
- F. Cash advances are generally prohibited; however, on the occasion that they are required, the Program Director must prepare a Disbursement Request Form including the Tax Identification Number (TIN) of the recipient and reason for the advance. All cash advances

MUST be settled within five (5) business days. In addition, the Foundation requires some form of documentation from the recipient as to the purpose of the advance. Settlement of the advance will only be deemed complete once the Foundation Finance Office has received complete invoiced documentation and any unused cash is returned. Failure to settle an advance in a timely fashion will result in an IRS Form1099 being issued to the recipient of the funds.

- G. In the event it is necessary to issue a “Stop Payment” on a check, any stop payment fee applicable at that time will be charged to the project from which the check was issued.
- H. The Foundation will reimburse travel expenses for:
 - 1. Inter- and intra-city transportation, including coach air, rail and bus travel. Documentation must be provided which indicates amount paid and destination. A boarding ticket must accompany reimbursement requests for air, rail, and bus travel.
 - 2. Cost of meals/entertainment while on official business, provided the purpose of the business is identified, any guests included in the expense are identified and original receipts are attached.
 - 3. Auto mileage at the rate approved by ESUF, actual tolls and parking fees while on official business.
 - 4. State discounts should be used whenever possible for travel arrangements.
 - 5. When receipts cannot be obtained while traveling, reimbursements may be made using the per diem rate established by ESUF. If expenses are incurred during foreign travel and receipts cannot be obtained, reimbursements may be made at the rate established for the specific location by the U.S. State Department.
- I. The Foundation cannot make payments to non-resident aliens.

CASH DISBURSEMENTS PROCEDURE

- A. Foundation generated invoices are to be mailed directly to the originator of services.
- B. Disbursement Request Forms are to be submitted for all payment requests and must include:
 - 1. The form completed in its entirety;
 - 2. Detailed explanation regarding the purpose for which funds are being expended;
 - 3. Approval Signature requires approval by the Chief Financial Officer.
- C. The Staff Accountant will review all Disbursement Request Forms to ensure the following:
 - 1. Correct general ledger and project coding, if applicable;

2. Original and adequate supporting documentation attachments;
 3. Reasonableness of the request;
 4. Compliance with 501(c)(3), IRS, federal government;
- D. Incomplete requests will be returned to the individual that submitted the request.
- E. Disbursement Request Forms received by the Foundation Finance Office by 4:30 p.m. on Friday will be processed and checks made available by the following Friday using a bi-weekly schedule. All checks are signed by the Chief Financial Officer and co-signed by the Executive Director. The Foundation Chairman, Treasurer, and Secretary of the Board have signatory rights and are required to have at least one signatory on checks greater than \$15,000.00 except the recurring expenditures that relate to expenses that were pre-approved.
- F. After review of the Disbursement Request Forms, Staff Accountant enters the invoices in the accounts payable system.
- G. Disbursement Request Forms are reviewed by Chief Financial Officer prior to payment.
- H. The Chief Financial Officer reviews batch validation reports and posts the accounts payable information to the general ledger system.
- I. The Staff Accountant will produce a weekly cash requirement report which will be reviewed by the Chief Financial Officer prior to checks being cut.
- J. The Staff Accountant cuts the checks, attaches supporting documentation, and submits the disbursement package to the appropriate person for signature. All checks require dual signatures.
- K. The Senior Accountant prepares the checks for mailing or pick up.
- L. The payment voucher, along with the supporting documentation, is stamped paid with the date paid and filed alphabetically by payee.
- M. Voided checks are filed along with supporting documentation after being marked void and removing the check signature area. A void form is completed by the Senior Accountant and approved by the Chief Financial Officer.
- N. The check register report is provided in the board meeting quarterly.