

EASTERN MICHIGAN UNIVERSITY

ACCOUNTS PAYABLE

PROCEDURES

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1.0 Purpose: *As a public institution, the University must ensure that all funds (e.g., general and non-general) are only used to support appropriate University business. When the expenditure is funded by a grant or contract, the use of such funds will be governed by the more restrictive of the grant, contract, or University procedures. These procedures apply to all Eastern Michigan University employees.*

2.0 Rationale: *As stewards of the public trust, it is the fiduciary responsibility of every University employee to ensure that University funds are prudently used to advance the mission of the institution and the academic needs of its students. The University, as a tax supported institution, limits the disbursement of its resources to official University purposes.*

The term “University purposes” signifies that the expenditure is essential for the furtherance of an officially authorized University program. Expenditures that do not meet this criterion constitute “personal items” for which the disbursement of public funds is prohibited. Therefore, University accounts cannot be charged directly or through a reimbursement mechanism for such items.

Eastern Michigan University has adopted a set of procedures governing expenditures that are essential for the daily operations of the institution. These procedures apply to expenditure of any University funds, including general funds, designated funds, expendable-restricted funds, auxiliary enterprise funds, plant funds, student loan funds, endowment funds, and agency funds.

Sound spending controls are essential to maintaining the integrity of the University in the eyes of the public. At a minimum, fiscal controls must include a system of supervisory checks and balances at all levels of the organization for all expenditures.

ACCOUNTS PAYABLE PROCEDURES

1. To process payments for the purchase of all services, supplies, materials and equipment in a timely fashion taking advantage of any and all applicable discounts offered by the Vendors. Invoices will be paid on a Net 45 basis and not prior. *Net 45 will be waived for Credit Card or Single Use Account payments.*
2. To ensure that all transactions processed are in accordance with regulatory provisions within the tax laws, and appropriate documentation maintained for audit purposes.
3. To maintain appropriate Internal Controls in the processing of all payments.
4. To provide excellent customer service to all stakeholders.

Responsibility:

The Chief Financial Officer has overall responsibility for the payment of services,

supplies, material and equipment.

The Accounts Payable Department is responsible for the administration of these procedures. The Chief Financial Officer has the authority to make exceptions to the Accounts Payable Procedures.

These procedures apply to all Eastern Michigan University employees and student organizations. As with all University expenses, these will be subject to audit by the University's Internal Auditors, the University's External Auditors, IRS Auditors, State of Michigan Auditors, and Auditors of externally funded grants and contracts awarded to the University.

Scope of Coverage:

The Accounts Payable Procedures applies to all University entities.

3.0 Allowable Expenditures of University Funds

It is recognized that Eastern Michigan University is a very diverse University, and as such, different divisions, departments, groups have different needs to properly execute their missions. As such, it is expected that all employees who are responsible for any University funds will spend them prudently, in the furtherance of the University mission.

When the expenditure is funded by a grant or contract, the use of such funds will be governed by the more restrictive of the grant, contract, or University procedures.

For your convenience, brief samples of the [Most Commonly Questioned Purchases](#) have been compiled, along with their dispositions and explanations.

4.0 Payment of Invoices via Wire Transfer/ACH/Check

Invoices are processed by the Accounts Payable Department and payments remitted to the appropriate vendors taking advantage of any appropriate discounts offered by these vendors. All invoices must be submitted through Concur and would either be linked to a University Purchase Order, or received with a Payment Request for goods or services that have already been received. All requests for payment must have the appropriate backup and authorization(s) for the payment to be made.

Method of payment either by ACH, Wire Transfer, Single Use Account (SUA) or Payment Card will ultimately be left up to the discretion of Accounts Payable personnel. Checks may be issued when extenuating circumstances exist with the ultimate decision being left up to Finance. Payments can be made by a Designated representative of the requesting department with a valid Payment Card. All other Payment Requests must be sent through Concur Invoice. In order for the Accounts Payable Department to remit a payment the following information is required:

- A valid Form W-9 from that vendor must be on file to comply with Internal Revenue Service guidelines before a payment will be processed. Completed W-9's can either be faxed, hand delivered or received via USPS to Accounts Payable, please do not email forms.
- If a vendor refuses to submit a valid W-9 form, the University will process

the payment, retaining 28% backup withholding, which will be remitted to the Internal Revenue Service. If the payment is to be made to a Vendor outside of the United States a Form W-9 is not the appropriate form and the vendor must submit a W8BEN or W8BEN-E. Contact the Accounts Payable Department for the applicable form to be used for Foreign Vendors.

- A completed Authorization for Direct Deposit form. Direct Deposit forms for Students, Staff and Faculty are to be completed on-line via the link located on the Controllers Website/Forms. Vendor forms can either be faxed, hand delivered or received via USPS to Accounts Payable, please do not email forms.

Payments will be distributed on Tuesdays of each week. In the event that a University Holiday falls on a distribution day the payments will be available the prior business day. Requests for payment must be approved through Accounts Payable at least 7 business days prior to the scheduled distribution date.

Payments to Vendors will not be issued for less than \$25
Payments for Reimbursement will not be issued for less than \$10

5.0 Payment Requests w/o Purchase Order (formerly Direct Pays)

The Payment Request should be used for departmental purchases of \$5,000 or less. Department's should work with their vendors to directly submit vendor invoices to Concur Solutions for payment processing Concur Invoice via email to emichinvoicecapture@concursolutions.com. The Payment Request via Concur should be used for a one time purchase of goods or services that the Department has already received.

6.0 Employee Reimbursements

Wherever possible, employees are encouraged to use the University Payment Card (Pcard). If use of the University Payment Card is not possible (i.e. vendor does not accept credit cards) you can obtain reimbursement by completing an Expense Report in the Concur system.

Employees can be reimbursed up to \$300 for allowable non-travel related expenses.

Payments to Individuals must follow the Independent Contractor Guidelines and paid by the University. For research participants please see Human Subject Reimbursement Procedures.

Eastern Michigan University is a tax-exempt entity. Therefore, Michigan taxes paid on these purchases may not be reimbursable. Employees should contact the Accounts Payable Department at 7-0022 prior to securing goods for University purposes to obtain a Blanket Certificate of Exemption letter to be presented at time of purchase whenever possible. **It is recommended that the employee secure a preapproval from their supervisor before purchasing goods out of their personal funds. If the purchase is deemed not reimbursable, the purchase will not be reimbursed and the purchase**

becomes the sole responsibility of the purchaser. In addition, it is not advisable for Departments to have students purchasing departmental goods due to sales tax implications. *Sales tax is the responsibility of the purchaser, not the University.*

Employee reimbursements will be processed on Tuesdays of each week via ACH. In the event the Tuesday falls on a University Holiday, the last business day before the applicable Tuesday will become the processing date. Expense Reports completed and submitted to the Accounts Payable Department **no less than eight business days** before the designated employee reimbursement date will be mailed or Directly Deposited on the scheduled distribution date. Expense reports received less than eight business days before the employee reimbursement date or contain incomplete or incorrect information will be delayed until the following designated reimbursement date. The Expense Report must be completed and submitted via Concur by the appropriate Reporting Authority and Grant Accountant for restricted funds as applicable. The Expense Report form must contain all employee information, date of purchase, amount, and business purpose. All itemized receipts must be electronically attached to the Expense Report. Credit card statements are not acceptable receipts for reimbursements.

For reimbursements related to employee travel, please refer to the [Travel Reimbursement Procedures](#).

7.0 Cash Advances

Cash advances will be issued for Group/Team travel and International Travel where the use of the University designated Payment Card is not practical or allowable. Cash Advances will not be issued if under \$200.00 and/or if the Requestor has outstanding Payment Card transactions or if the Payment Card is currently suspended. Requests are processed via a Cash Advance Request Form that must be approved by the requestors Reporting Authority for the Fund/Org being used along with a clearly defined budget outlining the request. The employee may be held *personally* responsible for the repayment of advances not returned or properly accounted for within one week of the recipient's return of the trip. If necessary, the unsubstantiated amount of the cash advance will be deducted from the employees University Payroll according to applicable State and Federal regulations.

In the event that an employee terminates their employment at Eastern Michigan University, the employee agrees to repay any portion of the cash advance outstanding at the time of termination. It is at the University's discretion as to whether the amount will be deducted from the final pay check or paid via personal check or money order.

A second cash advance to the same person will not be approved until the previous advances are settled in full (an exception may be made for University teams whose events are scheduled for the same week). Cash advance funds should not be used for hotel rooms, chartered busses, or airline/train tickets. In most cases, these types of expenditures can be paid by a Payment Card or advance payment to the vendor.

8.0 Fuel Costs for University Leased Autos or Auto Allowances

Reimbursements on fuel purchases for personal vehicles for which the University is subsidizing the cost through a University Car Allowance will be reimbursed at the IRS Standard Mileage Rate for Moving and submitted in Concur.

For University owned vehicles, employees will submit a mileage log at the end of the year to the Accounting Department and the taxable portion (personal miles) will be taxed by the Payroll Department in December.

For those employees using one of the fleet vehicles, every attempt should be made to use the EMU Wright Express gas card. If an EMU Wright Express gas card is not available, fuel will be reimbursed with a receipt that shows actual number of gallons dispensed and price per gallon. Prepaid gasoline receipts cannot be reimbursed.

9.0 Prizes and Awards to Employees

Prizes and awards given to employees are prohibited (except through Human Resources) see below for;

- A length of service award; or
- A safety achievement award

10.0 Length of Service Award

A length of service award may qualify as a non-taxable benefit, provided:

- The employee has at least five years of service with the University.
- The employee has not received a length of service award within the past five years.
- The awards are presented as part of a meaningful ceremony.
- The cost of the awards cannot exceed \$400 per year without being taxable. The excess amount is to be reported to the Payroll Office for inclusion on the employee's W-2.
- Will be administered by Human Resources.

11.0 Safety Achievement Award

Safety achievement awards that recognize an employee's accomplishments for maintaining or promoting defined safety standards may qualify for exclusion from taxes, provided:

- The award is limited to annually fewer than 10% of total employees.
- The award is not presented to managers, administrators, clerical and professional employees.
- The award is limited to \$400 per employee per year.
- Will be administered by Human Resources.

12.0 Gifts, Prizes and Awards

All gifts, prizes and awards where the recipient is not affiliated with EMU, must be reported to the Accounts Payable Department on the [Non-Cash Reporting Form](#).

This form must be accompanied by a copy of the original itemized purchase receipt regardless of method of payment and a W-9 form must be filled out by the recipient and put on file with the Accounts Payable Department. Typically gifts, prizes, and awards that are presented to non-employees are not subject to tax withholding. The payment will be reported to the IRS on Form 1099-MISC if the aggregate amount of payments to that individual for the year exceeds \$599.

Gifts/Prizes given to Students;

Non-Academic (i.e.; raffle, participation, incentive, etc.)- Must be reported to the Accounts Payable Department on the Non-Cash Reporting Form which may be submitted to Financial Aid to determine impact on eligibility in accordance with regulations and/or possible tax implications.

Academic- See the Request for Student Charges and Payment form.

13.0 Quick Reference – Payment Type

Quick Reference - Payment Type				
Type of Payment	Amount of Purchase			
	≤\$300	\$301-\$5,000		≥\$5,001
Reimbursement	X			
Payment Request (only to be used when vendor does not accept Pcard and is not recurring)	X	X		
Pcard	X	X		
Purchase Order				X