



4-OP-D-2-C PAYABLES AND DISBURSEMENTS

Responsible Executive: Finance and Administration
Approving Official: Vice President for Finance and Administration
Effective Date: ~~October 3, 2014~~TBD
Revision History: ~~New, October 3, 2014, Amended~~ May 15, 2018 (formatting only)

I. INTRODUCTION

A. OBJECTIVE

~~Close cooperation between departments and Disbursement Services is necessary to ensure the University's compliance with State statutes dealing with vendor payments. The intent purpose of this policy is to provide departments with uniform and consistent direction for to ensure that allowable authorized expenditures are disbursed consistent with the University's mission, applicable laws, and ethical practices, and the appropriate processing method for invoices and related transactions. Carefully following this policy will ensure timely payments to vendors, avoid interest penalties, and reduce payment problems.~~

B. DEFINITIONS

Authorized Signer – Personnel granted the authority to approve transactions that impact a department's budget or financial position.

Budget Manager – The official contact for a department on financial matters.

Concur – The University's travel and expense reimbursement system.

Confirming Purchase Order – Purchase Order submitted after a commitment has been made and/or after the commodity and/or contractual services are received and/or performed in lieu of a signed contract issued prior to such commitment, receipt or performance by someone who has signature authority to commit funds.

Direct Support Organization (DSO) – An entity approved by the Board of Trustees and organized and operated exclusively to receive, hold, invest and administer property and to make expenditures to or for the benefit of the University. ~~Commodity~~ – Any of the various supplies, materials, goods, merchandise, food, equipment and other tangible property purchased, leased, or otherwise contracted for by the University.



Disbursement – The payment of an expenditure.

Discount – An allowance extended by a supplier to encourage payment of an invoice on or before a stated date that is earlier than the due date and which is agreed to by the supplier and the University.

Electronic Payment Request (ePRF) – Method to approve and process payments for allowable unencumbered expenditures.

Encumbrance – A commitment, generally resulting from the issuance of a purchase order to procure goods or services, which goods or service being purchased have not yet been received.

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Expenditure – The creation or incurring of a legal obligation to disburse money.

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Invoice – A written document delivered to a purchaser showing a description of the goods purchased, the quantity, and the price; and as appropriate, the nature of delivery and other particulars of goods or services sold or services rendered.

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Online Management of Networked Information System (OMNI) – The ~~name of the~~ University's enterprise resource planning system that is powered by Oracle and is designed to meet the University's financial and human resource administration needs.

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Principle Investigator (PI) – The individual responsible for the conduct of research or other activity, described in a proposal for an award. The Principal Investigator is responsible for all programmatic and administrative aspects of a project or program.

Purchase Order – The University's offer to buy goods and services. When there is not a signed master contract in place, then the purchase order becomes the legally binding contract, with specific terms and conditions between the university and the supplier.

Sponsored Research – Research conducted by University employees using any University space, facilities, materials, equipment, or property, and which is financed by contract payments, grants, or gifts from any source other than the University's funds.

Sponsored Research Administration (SRA) – A unit under the purview of the Vice President for Research, is responsible for the pre-and post-award functions of the university for awards with U.S. public funding (federal, state



and local governments) and public funding that is flowed through private organizations.

SRAD (Sponsored Research and Development Trust Fund) – Funds received for earned overhead (indirect costs) and distributed to University schools/colleges, departments or institutes to support the research activity of the University.

University Purchasing Card – University Purchasing Card means †The purchasing card issued an individual pursuant to the University's Purchasing Card Program.

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Voucher – An electronic payment authorization, complete with the invoice and such other supporting documentation necessary to authenticate the recording of a transaction into the accounting records.

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Discount – An allowance extended by a vendor to encourage payment of an invoice on or before a stated date that is earlier than the due date and which is agreed to by the vendor and the University.

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Disbursement – Disbursement means the payment of an

Perquisites – Any tangible privilege or gain beyond salary and entitlements provided to administrators, faculty, or other employees, including but not limited to housing allowance, car allowance, uniforms, etc.

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Sponsored programs – Any activity, function or funding provided by sources external to the University to provide the granting agency, government or other entity with identifiable results, goods or service
Vendor Ombudsman – The position within the Office of the Senior Vice President for Finance and Administration whose responsibilities include the review and recommendation for disposition of vendor complaints involving the University's prompt payment compliance ru

II. POLICY (Including any Forms and Attachments)

A. UNIVERSITY PROMPT PAYMENT POLICY

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All payments made by the University are subject to University Policy and Rules as approved by the University's Board of Trustees. It is the policy of the University that documentation authorizing payment of an invoice shall be approved for payment not later than forty (40) days, after receipt of the invoice and receipt, inspection, and approval of the goods or services. **An**



exception ~~that is provided~~ in the case of a bona fide dispute, in which case the voucher shall contain a statement of the dispute and authorize payment only in the amount not disputed. All payments shall be disbursed within 40 days after approval for payment.

1. Approval and inspection of goods or services (receipt) shall take no longer than five (5) days unless the bid specifications, purchase order, or contract specifies otherwise. The 40-day payment requirement may be waived in whole or in part by the University Controller on a showing of exceptional circumstances in accordance with rules of the University. For the purposes of determining the receipt of invoice date, the department is deemed to receive an invoice on the date on which a proper invoice is first received at the location designated by the University.
2. The University is deemed to have received an invoice on the date of the invoice if the department has failed to annotate the invoice with the date of receipt at the time the department actually received the invoice, or the department failed, at the time the order is placed or contract ~~was entered into with the supplier, made~~ to designate a specific location to which the invoice ~~must was to~~ be delivered.
3. The University may make partial payments to a contractor upon partial delivery of goods or services or upon partial completion of construction when a request for such partial payment is made by the contractor and approved by the Controller.

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~~4.~~ If the terms of the invoice provide a discount ~~for when~~ payment is made by the University in less than 30 within a specified number of days, the University shall preferentially process it and use all diligence to obtain the savings by complying ~~in accordance~~ with ~~the invoices~~ such payment terms.

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~~5. Travel and other reimbursements to University officers and employees must be paid in the same timeframes and process as payments to vendors under this section, except payment of Class C travel subsistence. Class C travel subsistence shall be paid in accordance with the schedule established by the State's Chief Financial Officer pursuant to Section 112.061(5)(b), Florida Statutes.~~

~~6.4. This section does not apply to payments made to State agencies or other governmental entities within the State of Florida.~~

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~~7.5.~~ The University shall Controller may authorize advance payments for goods and services, including, but not limited to, maintenance



agreements and subscriptions when it is in the best interest of the University to make payments in advance and it has been determined there is adequate protection to ensure that such goods or services will be provided.

~~8.~~ Payments not made on a timely basis are subject to an interest penalty payment at a rate established annually by the Chief Financial Officer of the State of Florida as prescribed in Section 55.03(1), Florida Statutes. ~~It will be on the unpaid balance from the expiration of such~~ The interest will be calculated on the unpaid balance from the expiration of such 40-day period until such time as the payment is issued to the ~~vendor~~ supplier. Such interest shall be added to the invoice at the time of submission to the Controller for payment whenever possible.

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~~9.6. All purchasing agreements between the University and a vendor shall include a statement of the vendor's rights and the state's responsibilities under these rules. The vendor's rights shall include being provided with the telephone number of the vendor ombudsman within the Office of the Vice President for Finance and Administration, which information is provided shall also be placed on all purchase orders.~~

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~~10.7.~~ Invoices received from ~~vendors~~ suppliers which have failed to supply the University with a complete and accurate W-9~~2~~ or other form that provides all necessary data to determine 1099 status~~2~~ will be deemed insufficient for payment until such information is obtained.

~~8.~~ Reimbursements to University officers and employees must be paid in the same timeframes as payments to suppliers under this section. For goods or services that are acquired using a University contract, with a pre-approved cost per item, approved by the Board of Trustees, inspection and approval is not required. Upon certification of receipt by the department, payment will be issued by the Controller's Office or the appropriate UBA within the timeframe necessary to meet the terms and conditions of the above referenced policy.

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~~9.~~ This section does not apply to payments made to State agencies or other governmental entities within the State of Florida.

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B. PURCHASES FROM CONTRACT AND GRANT SPONSORED RESEARCH ADMINISTRATION FUNDED BUDGETS

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Sponsored Research Administration (SRA) must approve all purchases greater than \$1,000 on an SRA managed project prior to submission for payment, except for projects using SRAD/PI support or Research Control and

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Operating Projects. Only purchases greater than \$10,000 on SRAD/PI Support or Research Control and Operating Projects require SRA approval. Any purchases made from a Sponsored Research project greater than \$1,000 must be approved by Sponsored Research Administration prior to submission for payment. A formal approval stamp and authorized signature must be on all forms prior to submission. Documents will be returned to the initiating department if the required stamp is not on the forms.

C. PURCHASES FROM DIRECT SUPPORT ORGANIZATION BUDGETS

Any purchases made from a Direct Support Organization (DSO) budget must follow the approval and expenditure guidelines of the applicable DSO. In the event that the expenditure is divided between the University and the DSO the expenditure guidelines of both organizations must be followed.

DC. PAYMENTS TO OUTSIDE VENDORSSUPPLIERS

1- In general, it is the policy of the University that all purchases are made through Procurement Services. The use of Procurement Services ensures that the purchase has received the appropriate review for compliance with all pertinent State laws, regulations and University policies.

1- Encumbered Disbursements ~~to Vendors/Suppliers~~ who have received a purchase order from the University are instructed to submit their invoice to Disbursement Services. Invoices must include a valid purchase order number, an invoice number, invoice date, and itemized description detailing the goods or services purchase. If the merchandise and/or the invoice are received in the department, it is necessary for the department to ensure that the invoice is forwarded to Disbursement Services immediately for payment. Departments must acknowledge the goods and/or services have been received by creating a receipt in OMNI.

2- Unencumbered Disbursements - Unencumbered disbursements should only occur where normal ~~Purchasing/Procurement~~ procedures are not available or where a ~~vendor-supplier~~ will not accept the University purchasing card. If the department fails to create a Purchase order before the goods and services are provided, a confirming order can be submitted through Procurement Services to avoid processing an unencumbered payment. It is the Departments responsibility to ensure that unencumbered expenditures are approved by an authorized signer and there is sufficient budget available for the payment of the invoice. Please refer to the University's Expenditure Guidelines for specific allowable unencumbered expenditures. ~~In the event that a purchase order has not been prepared and sent to the vendor, the payment will be made~~

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~~unencumbered. The responsibility is placed on the Departmental Budget Manager to ensure sufficient budget is available for the payment of the invoice. When this occurs, the invoice and the appropriate unencumbered payment form should be sent to Disbursement Services immediately upon receipt. Examples of purchases that would be paid as an unencumbered disbursement are subscriptions, freight bills, or non-travel reimbursements. When it is determined that an unencumbered purchase should have been acquired with a purchase order, a confirming purchase order must be requested from Procurement Services~~

~~Procedures for Payment – Departments must comply with all procedures for payment, as described on the Controller’s Office website.In the event a department receives a vendor invoice, it should abide by the following procedures:~~

~~3-Foreign Supplier Payments – Foreign Supplier Payments require the department to complete the Foreign Supplier Payment Request Form and must include the original invoice. These forms are reviewed by Disbursement Services. Payment will be disbursed via the documented method provided by the supplier. The same department may be charged for fees associated with the wire payments.~~

~~If satisfactory delivery has been made and the invoice is correct, the original invoice should be forwarded promptly to Disbursement Services and the merchandise should be receipted in OMNI. Copies of any related correspondence with the vendor should be included to substantiate the approval date.~~

~~4. If a discount is allowed, the invoice should receive priority for handling. This can be done by flagging the invoice and forwarding it for processing as quickly as possible. Disbursement Services will give priority to processing discount invoices. (It is common for the credit period to begin with the date of the invoice. If payment is due within a stated number of days after the date of the invoice, for example, 30 days, the terms are said to be "net 30 days", which may be written as "n/30". The expression "2/10, n/30" means that although the credit period is 30 days, the department may deduct 2% of the amount of the invoice if payment is made within 10 days of the invoice date. Many times the vendor will state on the invoice the exact amount of the discount allowed, if paid within the stated credit terms.)~~

~~5-No notations, strike overs, corrections, or explanations other than the approval signatures, should be made by the department on the face of the invoice. (If necessary, a note or memorandum of explanation should be~~

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~~attached documenting a delay in approval due to non-delivery, wrong shipment, or other discrepancies);~~

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~~6. No document will be processed for a disbursement which appears to be of a personal nature or for an item not related to the function and purpose of the budgetary unit submitting the document.~~

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~~7. Damage claims or disagreements with vendors regarding prices, specifications, quality, etc., must be handled through Procurement Services.~~

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~~8. Any changes to purchase order terms such as prices, quantity, items, etc., should be processed through Procurement Services prior to receipt of the invoice. D. Foreign Vendor Payments – If a payment is required to a vendor outside the U.S. by foreign draft or wire transfer, the payment is processed in the same manner as U.S. payments. In addition, the department must complete and submit a Foreign Vendor Payment Request Form (PA-10). This form is used to indicate the required method of foreign payment and to provide the Controller's Office with sufficient information to complete the payment disbursement. The form must be submitted as an attachment to the original invoice. After the payment has been audited by Disbursement Services, the payment will be disbursed in the required method. Should there be a charge for such a disbursement method, the amount will be charged to the same department as the invoice.~~

~~D. BLANKET PURCHASE ORDERS~~

~~Blanket purchase orders are set up to pay numerous small, consumable purchases to the same vendor. Blanket Purchase Orders must be monitored by the budget manager to ensure that sufficient balances are kept on the blanket and that it is being used as intended. For additional information on Blanket Purchase Orders, please see Procurement Services website.~~

~~E. CONFIRMING PURCHASE ORDERS~~

~~When a department purchases an item bypassing the Purchasing system and it is determined that a purchase order should have been issued, a confirming purchase order must be requested from Procurement Services. To request a confirming purchase order, submit a general~~

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~~requisition marked "Confirming" and complete a Confirming Order Justification Form, attach this completed form to the invoice and forward these documents to Procurement Services for their review. It must be clearly stated on the requisition that the items have already been received. For additional information on Confirming Orders please see Procurement Services website.~~

EF. NON-TRAVEL REIMBURSEMENTS

~~In an emergency or when traveling for the University, it may become necessary for a faculty/staff member to pay for materials or services from their personal funds with the expectation that they will be reimbursed by the University for the purchase. All reimbursements in excess of \$25 must include will require a justification as to why the University's purchasing procurement system was not used, and what steps will be taken to ensure that the purchasing system will be used in the future. If it is deemed that the purchase is improper, the invoice will be returned, and the charges will be borne at the personal expense of the individual making the purchase. Therefore, it is important that prior to the purchase, the individual seek confirmation that the purchase is in fact, appropriate for reimbursement by the University.~~

~~In the event that the faculty/staff member seeks reimbursement from the University, the request must be entered in OMNI in the Travel module as a non-travel reimbursement. Supporting receipts should be submitted to Disbursement Services via fax at (850) 645-9501.~~

FG. CREDIT INVOICES

~~When a department returns merchandise for credit, Disbursement Services needs to be notified to expect a credit memo. If the credit memo is from a supplier paid by the University at least once a month, the credit will be applied to the next invoice from that supplier. Otherwise, a refund will be requested in lieu of a credit memo. The refund will be deposited to the account charged by the original purchase. If the credit memo is issued on a purchase that was originally made from a blanket purchase order, the credit memo will be applied to the next purchase against that purchase order. If it is a regular purchase order, it will be determined if there will be additional purchases from the vendor or if a refund check needs to be requested. The refund check will be deposited to the account charged with the original purchase.~~

H. PURCHASE ORDER MONITORING

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~~Monitoring of purchase orders is an essential procedure. Budget account managers should periodically perform a status check on open purchase orders and may contact Payables and Disbursement Services for further information on open items.~~

~~1. If the department has no information available, the department should contact the vendor to determine the status of the order.~~

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~~2. If delivery has been made but no invoice received within a reasonable time, the department should request an invoice from the vendor in order to take advantage of discounts.~~

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~~3. In either case, follow-up should continue until the transaction has been completed.~~

GI. INTERDEPARTMENTAL TRANSACTIONS

Interdepartmental transactions, also referred to as internal bills, are made in order to record sales of goods and services between two departments within the university.

Interdepartmental transactions are normally authorized by the approval of an internal auxiliary requisition and are initiated by the selling auxiliary through the internal billing process. Any interdepartmental transactions involving contract or grant funds must be approved by the Office of Sponsored Research or FSU Research Foundation. In the event that an interdepartmental transaction is recorded directly to the general ledger, supporting documentation and authorization are required.

~~Interdepartmental transactions are generally made in order to record sales of good and services between two departments, authorize various transfers between departments, or to make corrections to the General Ledger as needed. These transactions are initiated by University departments, and reviewed and posted by Accounting and Reporting Services.~~

~~All interdepartmental transactions must include appropriate supporting documentation and authorization. Additionally, any interdepartmental transaction involving a contract or grant fund must be approved by Sponsored Research Administration.~~

~~Whenever the interdepartmental transaction involves a transfer between departments or other chartfields, the transfer may not take place before the original transaction has been recorded in the General Ledger.~~

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J. AUTHORIZED SIGNATURES

The authorized signature may be that of:

- 1. A department head, project leader or principal investigator.
- 2. A dean or division head in situations where spending authority has not been delegated to the department heads.
- 3. Any employee (except for travel) designated and authorized in writing by the department head or project leader.

The detail of authorized signers for each department is controlled by departments and the Budget Office, who maintains this information within OMNI. Departments must update their authorized signers in OMNI by submitting an FSU Department ID Form to the Budget Office based on any changes in departmental personnel that would invalidate the original list. The form is sent to Procurement Services in order to update the appropriate approver in their OMNI workflow.

All persons listed for a department are assumed to have equal authority over expenditures unless otherwise specified on the authorized signature list. Questions relating to this policy should be directed to the Budget Office.

K. SUBSCRIPTIONS

Initial subscription purchases may be processed on a General Requisition or a Payment Request Form (PA-4). For renewals, invoices can be processed along with a properly completed Payment Request Form.

L. DELIVERY SERVICES

When using an overnight delivery service, it is important that the vendor list the department to be charged on its air bill. When the department receives the invoice, a Payment Request Form must be attached. If a department uses overnight delivery service on a regular basis, funds should be encumbered and a blanket purchase order set up through Procurement Services.

M. SPECIAL HANDLING REQUESTS

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~~The special handling of checks is available to departments when circumstances necessitate other than normal processing by mail. If an unenumerated disbursement is being paid, Section 2 of the Payment Request Form must be completed. If a purchase order is being paid, it will be necessary to notify the appropriate payment processor in Disbursements Services.~~

HN. EXPENDITURE GUIDELINES

As a general rule, funds may only be expended for reasonable and appropriate goods and services necessary to accomplish the mission of the University. It is important that the University maintain a positive reputation for being a good steward of all funds, whether public or privately donated. It is also recognized that it is equally important that sound fiscal processes be in place that will facilitate the needs of the University community in an efficient and effective manner. To be an allowable expenditure, a clear business purpose must exist; all allowable expenditures, regardless of funding source, must be for relevant and appropriate operating expenses; and funds may not be expended for the personal convenience or preference of employees. Internal university purchases (interdepartmental transactions) are subject to the same expenditure guidelines as other expenditures.

Funds may not be expended for the personal convenience or preference of employees, and only those expenditures that are necessary in order for the University to carry out its statutory duties are allowable.

~~The intent of this policy is to provide uniform and consistent direction relative to “what are allowable expenditures”. To be an allowable expenditure, a clear business purpose must exist. Funds cannot be expended for the personal convenience or preference of employees and which are not necessary in order for the University to carry out its statutory duties. Such items may include: fans, stoves/microwaves, coffee pots/supplies, portable heaters, refrigerators, and decorations. Goods and/or services disallowed from University funds under any circumstance include: entertainment for visiting dignitaries, first class travel, external lobbyist and political and religious contributions.~~

Provided below is an overview of allowable expenditures based on funding source. Please refer to the University’s Expenditure Guidelines ~~List~~ for specific allowable expenditures. The guidelines may not cover all possible situations. Items not included in the guidelines may need to be addressed on a case-by-case basis through consultation with Disbursement Services, Sponsored Research, or the applicable DSO.~~The List does not cover all~~

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~~possible situations; some will need to be addressed on a case-by-case basis through consultation with Disbursement Services.~~

~~1- *Education and General (E&G) Funds* – E&G funds are appropriated by the state legislature. State appropriations must be expended in accordance with the State Department of Financial Services Reference Guide for State Expenditures ~~Florida Department of Financial Services Reference Guide for State Expenditures~~. It is the policy of the State-Florida Department of Financial Services that an expenditure of E&G funds must be authorized by law and the expenditure must meet the intent and spirit of the law authorizing the payment. Additionally, the expenditure must result in a direct, specific benefit to the University.~~

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~~2- *Contract and Grant (C&G) Funds* – C&G funds originate from external contracts & grants issued to the University to carry out a specific scope of work. C&G funds can be for research, instructional activities, or other sponsored activities, such as health service projects and community service programs. ~~C&G~~ These funds are generally more restrictive in that expenditures must generally meet specific budgetary requirements and terms & conditions of the project. However, such projects may also specify payments expenditures that would otherwise ~~not be allowed~~ be unallowable on other University funds, such as payments to research participants and certain items of a personal nature that are necessary as part of the sponsored project, such as food or clothing items, gift cards for research participants or food items. Additionally, recovered indirect costs (or F&A) and retained residual balances are also considered C&G funds. These funds are discretionary moneys that must follow the E&G expenditure guidelines, with the added caveat that the expenditure must benefit research per Florida Statute 1004.22. ~~Returned overhead and residual balances are discretionary moneys restricted for purposes of supporting research. The University applies the same expenditure guidelines to C&G as it does to E&G funds.~~~~

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~~3- *Auxiliary Enterprise Funds* – Funds generated by an Auxiliary Enterprise are not ~~considered~~ appropriated and therefore are not subject to the expenditure guidelines for appropriations set forth by the State-Florida Department of Financial Services. The department will be given discretion over determining the appropriate programmatic needs and will be required to provide necessary documentation for audit purposes to support all expenditures made by the Auxiliary Enterprise in compliance with this policy.~~

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~~4. Designated - Continuing Education Fund – Continuing Education includes Market Rate Tuition courses, Distance Learning courses, and the Center for Academic & Professional Development courses. Generally, these funds may be expended for any goods and services necessary to fulfill the mission and programmatic needs for the course offering. Department are given discretion over determining the appropriate programmatic needs and will be required to provide necessary documentation for audit purposes to support expenditures. The Provost's Office may provide further guidance on the restriction of certain expenditures.~~

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~~5. Concession Fund – Receipts generated through vending machine collections are deposited in the Concession Fund. The funds are allocated to the Vice Presidents at the President's discretion. Departments are given discretion over determining the appropriate use and will be required to provide necessary documentation for audit purposes to support expenditures. The University applies the same expenditure guidelines to these Concession funds as it does to Auxiliary funds.~~

~~Designated Funds – Designated student fees and funds earmarked by the University for a specific purpose are accounted for in the Designated fund group. These funds are spent in accordance with state legislation, BOG regulations, and University policies. The University applies the same expenditure guidelines to designated funds as it does to E&G funds.~~

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~~6. Direct Support Organization (DSO) Funds – DSO funds are spent according to the expenditure guidelines of the applicable DSO.~~

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III. LEGAL SUPPORT, JUSTIFICATION, AND REVIEW OF THIS POLICY

Florida Statute 215.422(2)(b)
Florida Statute 1004.22
Florida Statute 55.03(1)

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~~Chapter 255, Florida Statutes~~

~~Section 112.061(5)(b), Florida Statutes~~

~~Section 55.03(1), Florida Statutes~~

~~This policy shall be reviewed by the Associate Vice President for Finance & Administration (AVP) every seven years for its effectiveness. The AVP shall~~

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~~make recommendations to the Vice President for Finance and Administration for any modification or elimination.~~

/s/ Name of Approving Official

[Proof of approval retained in file]