

4-OP-D-2-C Payables and Disbursements

Responsible Executive: Finance and Administration

Approving Official: Vice President for Finance and Administration

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I. INTRODUCTION

A. OBJECTIVE

1. ~~To establish the university's policy for the timely and proper disbursement of funds for goods, services, and reimbursements consistent with the law, Board of Trustees authority, and fiduciary responsibility. The purpose of this policy is to provide departments with uniform and consistent direction to ensure that authorized expenditures are disbursed consistent with the University's mission, applicable laws, and ethical practices.~~

B. DEFINITIONS

1. ~~Authorized Signer – Personnel granted the authority to approve transactions that impact a department's budget or financial position.~~
2. ~~Budget Manager – The official contact for a department on financial matters.~~
3. ~~Concur – The University's travel and expense reimbursement system.~~
4. ~~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.~~
5. ~~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.~~

- 6.—*Disbursement*—The payment of an expenditure.
- 7.—*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.
- 8.—*Electronic Payment Request (ePRF)*—Method to approve and process payments for allowable unencumbered expenditures.
- 9.—*Encumbrance*—A commitment, generally resulting from the issuance of a purchase order to procure goods or services.
- 10.—*Expenditure*—The creation or incurring of a legal obligation to disburse money.
- 11.—*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.
- 12.—*Online Management of Networked Information System (OMNI)*—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.
- 13.—*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.
- 14.—*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.
- 15.—*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.
- 16.—*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.~~

- ~~17.—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.~~
- ~~18.—University Purchasing Card – The purchasing card issued to an individual pursuant to the University's Purchasing Card Program.~~
- ~~19.—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.~~

II. POLICY

A. **UNIVERSITY PROMPT PAYMENT POLICY REQUIREMENT**

1. All payments made by the uUniversity are subject to uUniversity policy and rules as approved by the uUniversity's Board of Trustees. ~~Invoices that are properly received, inspected, and approved must~~ It is the policy of the University that properly accepted invoices shall be paid no later than forty (40) days after receipt of the invoice. "Properly accepted" means receipt, inspection, and approval of the goods or services. An exception 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.
2. ~~An exception 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. Otherwise, the university may waive this requirement only under exceptional circumstances as determined by the Controller. 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.~~ An exception 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. Otherwise, the university may waive this requirement only under exceptional circumstances as determined by the Controller. 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.
- 4.3. ~~"Receipt" means the date an invoice is received at the university-~~ designated location. 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 the contract was entered into with the supplier, to designate a specific location to which the invoice 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.~~

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

5.4. The 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.

6.5. Interest penalties may apply under Florida Statutes for late payments. ~~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. 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 supplier. Such interest shall be added to the invoice at the time of submission to the Controller for payment whenever possible.~~

~~7.—Invoices received from suppliers which have failed to supply the University with a complete and accurate W-9, or other form that provides all necessary data to determine 1099 status, will~~

~~be deemed insufficient for payment until such information is obtained.~~

~~8.—Reimbursements to University officers and employees must be paid in the same time frames as payments to suppliers under this section.~~

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

B. AUTHORIZED DISBURSEMENTS

- ~~1. Disbursements may be made only for legitimate university purposes and must be supported by adequate documentation.~~
- ~~2. Disbursements may be expended only for reasonable, necessary goods or services that directly support the university mission and comply with applicable spending guidelines and reimbursements to employees consistent with approved university policies.~~
- ~~3. Reimbursements must be for authorized university activity and documented appropriately. If it is deemed that the purchase was improper, the invoice will be returned, and the charges will be borne at the personal expense of the individual who made the purchase.~~

C. PROCUREMENT & PURCHASE AUTHORITY

- ~~1. Purchases must generally be processed through Procurement Services or other authorized methods.~~
- ~~2. Unencumbered disbursements (without purchase orders) are permitted only when procurement methods are not reasonably available or where a supplier will not accept the university purchasing card. Please refer to the university's Expenditure Guidelines for specific, allowable unencumbered expenditures.~~
- ~~3. All disbursements must comply with applicable state law, Board of Governors rules, and university regulations.~~
- ~~4. Please refer to the university's Expenditure Guidelines for specific allowable expenditures.~~

**B.D. PURCHASES FROM SPONSORED RESEARCH & DSO SPENDING
ADMINISTRATION FUNDED BUDGETS**

1. All purchases made under sponsored awards managed by Sponsored Research Administration (SRA), including those that are split-funded, must receive approval and comply with expenditure thresholds set by SRA prior to processing for payment. Furthermore, projects classified as SRAD/PI support or Research Control and Operating Projects must follow the approval requirements established by SRA.

1. 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 Operating Projects. Only purchases greater than \$10,000 on SRAD/PI Support or Research Control and Operating Projects require SRA approval.

C. PURCHASES FROM DIRECT SUPPORT ORGANIZATION BUDGETS

1.2. 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 uUniversity and the DSO, the expenditure guidelines of both organizations must be followed.

D. PAYMENTS TO OUTSIDE SUPPLIERS

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 – 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 purchased. 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 Procurement procedures are not available or where a 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.
- 3.—Procedures for Payment—Departments must comply with all procedures for payment, as described on the Controller's Office website.
- 4.—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.

E.—NON-TRAVEL REIMBURSEMENTS

- 1.—In an emergency, 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 will require a justification as to why the University's procurement system was not used. 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.

F.—CREDIT INVOICES

1.—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.

G.E. INTERDEPARTMENTAL TRANSACTIONS

1. Interdepartmental transactions must be supported and approved and are subject to standard expenditure principles. 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.

H.—EXPENDITURE GUIDELINES

1.—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.

- 2.—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.
- 3.—Provided below is an overview of allowable expenditures based on funding source. Please refer to the University's Expenditure Guidelines 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.

- 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 Florida Department of Financial Services Reference Guide for State Expenditures. It is the policy of the 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.
- 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. These funds are generally more restrictive in that expenditures must generally meet the specific budgetary requirements and terms & conditions of the project. However, such projects may also specify expenditures that would otherwise be unallowable on other University funds, such as 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.

- 3.—*Auxiliary Funds*—Funds generated by an Auxiliary are not appropriated and therefore are not subject to the expenditure guidelines for appropriations set forth by the 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 in compliance with this policy.
- 4.—*Designated - 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.
- 5.—*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 these types of Designated funds as it does to E&G funds.
- 6.—*Direct Support Organization (DSO) Funds*—DSO funds are spent according to the expenditure guidelines of the applicable DSO.

F. COMPLIANCE

1. Non-compliance with this policy may result in delayed payments, interest penalties, or corrective action consistent with university rules and Florida law.

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

- **SPECIFIC AUTHORITY**
- Florida Statute 215.422(2)(b)

○ Florida Statute 1004.22

○ Florida Statute 55.03(1)

○ Florida Statute 215.422(3)(b)

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