

Payment Policy, General

Responsible Official: Associate Vice President for Finance/Controller

Responsible Office: Business Office

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Policy Sections

- Payment Roles and Responsibilities
- Internal Control and Segregation of Duties
- Vendor Invoice Payment
- Request for Payment
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Scope

This policy provides guidance governing all disbursements of College funds, except those for salaries and wages, and the appropriate usage of various payment methods.

Policy Statement

The Accounts Payable Department, under the direction of the Assistant Controller for Disbursements, is responsible for overseeing the payment process for the College, including oversight of appropriate payment method, the approval process, and disbursement controls. Certain specific responsibilities for payment of expenses, as described in this policy, are delegated to department administrators, department budget managers, and their duly authorized designees. All who have responsibility for any aspect of the College's payment functions must adhere to the provisions of this policy.

The College disburses funds for payment of goods and services only when the following conditions have been met:

- Expenses must be for a valid business purpose.
- Goods or services must have been procured in accordance with College purchasing policies.
- Transactions must have been properly approved by an individual with decision-making authority and accountability for the funds being disbursed.
- Goods and/or services must have been received, or prepayment properly authorized.
- Transactions must include complete and accurate supporting documentation.
- Transactions must bear proper account (FOAPAL) codes.

Payments for goods and services are made payable only to the provider of those goods or services (or to a contractually named agent), and not to secondary parties such as other non-profit organizations, mutual funds, religious organizations, etc.

Goods and services are paid for in the following ways, within guidelines established by this policy:

1. Vendor Invoice
2. Purchasing Card
3. Request for payment
 - Check Request
 - Employee Reimbursement Request
 - Advance Request

Reason for the Policy

The College must maintain control over the disbursement of its funds by requiring proper approval and consistent application of procedures for payment transactions. This policy seeks to promote fiscal control, timely and accurate disbursement of funds for external purchases and employee reimbursements, and compliance with state and federal regulations and donor restrictions.

Definitions

Primary Authorizer

An administrator, budget manager or duly authorized designee of a department or unit; the individual having budgetary responsibility for the transaction involved.

Secondary Authorizer

An authorized transaction approver removed from the initiating department or unit who, for reasons of risk aversion or internal control, performs a secondary review and approval of certain transactions.

Requisitioner

An individual requesting payment of a transaction as permitted within this policy

FOAPAL

FOAPAL is an acronym that stands for Fund Code / Organization Code / Account Code / Program Code / Activity Code / Location Code. This is the accounting string that gets coded in Banner (the College's ERP system) to track the College's financial records. A properly completed payment request must have a Fund, Organization and Account Code to be processed and may have an Activity Code if one is desired. The Program Code defaults based on the Fund Code or the Organization Code and the College does not use a Location Code.

Check request

A request that a check be produced by the Accounts Payable Department in payment of items such as honoraria, royalties, subscriptions, etc.,

Employee reimbursement request

A request to reimburse a College employee for appropriate expenses incurred for travel, meals, entertainment or for the purchase of miscellaneous items (See the College's Expense Reimbursement Policy).

Policy Sections

Payment Roles and Responsibilities

Accounts Payable Department

The Accounts Payable Department oversees the College's disbursement process to ensure that only authorized disbursements are made, that the disbursement process is efficient, and that tax reporting related to disbursements is completed.

The Controller

The Controller is responsible for working with Accounts Payable to develop and maintain adequate internal controls in the disbursement process, and to assess risks and review quality assurance standards.

Departments

Every disbursement transaction must be authorized by the administrator, budget manager, or their duly authorized designee of the department having budgetary responsibility for the funds being disbursed. The administrator or budget manager of a department is responsible and accountable for all transactions submitted by his/her department or center.

Accordingly, the authorizer verifies that the transaction meets the conditions specified in the above policy statement, is appropriate within the department's approved annual budget, and is allowable within the applicable funding source restrictions.

Authorization

Accounts Payable will process only those transactions bearing appropriate departmental authorization and secondary authorization if required.

- Invoices, Check Requests and Employee Expense Reimbursement Forms must be authorized by a Primary Authorizer or his/her designee. Employee Expense Reimbursement Forms must be authorized by a Supervisor of the Employee being reimbursed.

In certain cases, secondary authorization is also required, as set forth below.

- Student payment requests must be reviewed and authorized by the Financial Aid Office to determine whether payments impact a student's financial aid package.
- Payment requests charged to an endowment spending fund must be reviewed and authorized by the Assistant Controller – General Ledger to determine availability of funds and alignment with the donor's intent.
- Requests for Cash Advances must be reviewed and approved by the Controller.
- Payment requests charged to sponsored project funds must be reviewed and authorized by the Grants Specialist. The Grants Specialist reviews for:
 - Available budget for the expenditure
 - Allowability: Factors affecting allowability of costs.
 - Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:
 - a. Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
 - b. Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.
 - c. Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.
 - d. Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.
 - e. Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.
 - f. Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-funded program in either the current or a prior period. See also CFR Section 200.306 Cost sharing or matching paragraph (b).
 - g. Be adequately documented. See also CFR Section 200.300 Statutory and national policy requirements through 200.309 Period of performance of this part.
- Payment requests greater than \$10,000 charged to sponsored project funds must be reviewed for the same compliance requirements as the bullet above and authorized by the Controller.

Secondary Authorizers review transactions for compliance with the conditions outlined in the Policy Statement above, but may not be in a position to attest to the appropriateness of the expenditure within the department's approved annual budget. Primary responsibility for budgetary appropriateness remains with the Primary Authorizer.

Internal Control and Segregation of Duties

Business process owners are responsible for developing good internal controls and for promoting a sound internal control environment; the Controller will consult with process owners and advise them accordingly. Segregation of duties is an important component of a sound internal control environment, minimizing the risk of fraud, concealment of error, or loss.

The College has separated the functions of purchasing, vendor setup and maintenance, and accounts payable by delegating them to three distinct individuals.

Departments should strive to separate, as much as possible, the functions of purchasing and receiving, invoice processing and approval, and budget monitoring in order to add a measure of internal control within the department.

The authorizer of a transaction must not be the recipient of the funds disbursed.

Vendor Invoice Payments

It is the responsibility of departments to submit invoices to Accounts Payable as quickly as possible and to expedite any other steps necessary to process invoices for payment.

For payment purposes, vendor statements are not considered appropriate supporting documentation for purchases, and the College will not pay from such statements.

It is expected that the Requisitioner of goods and services will always perform a receiving function, confirming that the goods and/or services ordered were received in accordance with the order. Departmental approval of invoices constitutes confirmation of receipt of goods and services.

Requests for Payment

Check Requests

Check requests may be submitted for payments to non-employees and other direct payments that cannot be made using a purchasing card (a college credit card) or standard invoice submission. Non-employees are reimbursed for College-related travel in accordance with the College's Expense Reimbursement Policy. Appropriate supporting documentation must be attached to the check request in order to be processed.

Employee Expense Reimbursements

Employees are reimbursed for travel, entertainment and other business expenses in accordance with the College's Expense Reimbursement Policy. Employee reimbursement requests and supporting documentation must be filed in accordance with the relevant College policy and related procedures.

Advance Requests

Requests for advances may be authorized for anticipated travel or non-travel expenditures related to College business as set for in the College's Cash Advance Policy and Expense Reimbursement Policy. Advances must be cleared in accordance with the relevant College policy and related procedures. If an employee does not clear an advance within the required time period, the outstanding advance amount may be expensed as w2 wages.

Purchasing Card

The College's Purchasing Card is an Occidental-sponsored credit card issued to a qualifying employee. The intent of the card is to streamline the purchase of and payment for travel, business meals, entertainment and certain expenses. The use of this card also reduces disbursements for employee reimbursements and cash advances, and the processing costs

associated with such transactions. The credit cardholder is responsible for assuring the correct accounting accompanies purchasing card charges.

Forms of Payment

Checks

All checks (excluding payroll and specialty account checks) are issued by the Accounts Payable Department. A facsimile signature of the Vice President for Finance and Planning is applied to all checks. A review and second signature is required by the Associate Vice President for Finance / Controller or the Associate Vice President for Finance and Planning for checks greater than \$5,000.

Direct Deposits

Direct deposits in lieu of checks will be made for employees and students who sign up to receive direct deposits for all payments made to them by the Accounts Payable Department.

Electronic Funds Transfers (EFT)

Electronic funds transfers include payments made via wire transfer which may be initiated by the submission of a Wire Transfer Request. Payment by wire transfer is appropriate under specific conditions, such as payment of a foreign vendor and tax remittances. Wire transfers may only be initiated with an appropriately authorized invoice as supporting documentation.