

SECTION 9.0 ACCOUNTS PAYABLE

9.1 Introduction

This chapter outlines the College's policies and procedures for processing vendor invoices, check requests and student credit statements for payment. It also outlines how disbursement transactions are processed. This section also outlines the responsibilities of the Departments and the Office of Fiscal Services in processing invoices. The disbursement process is described along with the signature authority.

9.2 Scope

This section, unless otherwise noted, applies to all College disbursement requests including those from: state funds, non-state funds, funds from student organizations and Agency funds (e.g., the 1066 Foundation, Alumni Association, ASUCH and Staff Recreation Committee). This section does not apply to payroll disbursements. See Section 11.0, Payroll, for specific policies and procedures related to payroll transactions.

9.3 Petty Cash Disbursements

A petty cash fund is maintained in Fiscal Services. The fund is used to reimburse employees for expenditures of \$20 or less in which the use of the purchase order or check request would be cumbersome or impractical.

Disbursements from petty cash must be made by completing a petty cash form (Exhibit Q). The designated authorized signer on the account must approve the form disbursement. If the authorized signer is seeking reimbursement, his/her supervisor must approve the disbursement.

Disbursement requests must be supported by original receipts, which should contain the following information:

- Date of purchase or payment;
- Name of vendor or other payee;
- Evidence that a payment was made (i.e., cash register receipt or a handwritten receipt on which the word "paid" appears);
- Amount paid;
- Description of the goods/services purchased

9.4 Other Types of Disbursements

9.4.1 On-Campus Employment Interviews

9.4.1.a. Faculty and Decanal Candidates

All faculty and decanal applicants can be reimbursed economy-fare transportation and actual meal expenses subject to a maximum daily amount. The College will arrange and pay for the hotel accommodations of the applicant. A Travel Expense Claim Form signed by the applicant accompanied with original receipts should be submitted to the authorizing person for approval. Refer to the Travel Section of the policy manual for

further information regarding allowable expenditures and maximum daily amounts.

9.3.2.b. Administrative Candidates

Applicants for positions of Level IV or above can be reimbursed economy-fare transportation and actual meal expenses to a maximum ceiling amount. The College will arrange and pay for the hotel accommodations of the applicant. However, in order to minimize interview costs, the first-round of interviews must be conducted by telephone if there are non-local candidates. For final-round interview expenses, a Travel Expense Claim Form signed by the applicant and accompanied with original receipts should be submitted to the Chief Financial Officer for approval. Refer to the Travel Section of the policy manual for further information regarding allowable expenditures and maximum daily amounts.

9.4.2 Moving Expenses

If a faculty or administrative employee whose moving or relocation expenses have been reimbursed voluntarily terminates employment with Hastings within two years of hire, the employee will be liable for the repayment of the following percentage of the amount received for moving and relocation reimbursement:

- 100% if employed less than 6 months
- 75% if employed at least 6 months, but less than 12 months
- 50% if employed at least 12 months, but less than 18 months
- 25% if employed at least 18 months, but less than 24 months

9.4.2.a. Decanal Recruits

The Board of Directors will ~~negotiate~~ determine the reimbursement for moving expenses for the Chancellor and Dean.

9.4.2.b. Faculty Recruits

A faculty recruit can be reimbursed to a maximum of \$10,000 for his/her economy-fare transportation and reasonable meal expenses subject to the maximum daily amount, as well as the transportation of his/her household goods. Reimbursement will not be made for costs associated with house-hunting trips. Refer to the Travel Section of the policy manual for further information regarding allowable expenditures and maximum daily amounts.

9.4.2.c. Administrative Recruits

An administrative recruit for a position of Level IV or above can be reimbursed up to a maximum of \$7,500 for his/her economy-fare transportation and reasonable meal expenses subject to the maximum daily amount, as well as the transportation of his/her household goods. Reimbursement will not be made for costs associated with house-hunting

trips. Refer to the Travel Section of the policy manual for further information regarding allowable expenditures and maximum daily amounts.

9.5 Processing Invoices, Check Requests and Student Credit Statements for Payment

This section sets forth the College's policies and procedures for processing invoices, check requests and student credit statements for payment. It also serves as a practical guide for Accounts Payable.

All disbursement requests made to the College are processed centrally through Accounts Payable in the Office of Fiscal Services.

9.5.1 Internal Control Procedures

9.5.1.a Fiscal Services – Accounts Payable

The individual responsible for reviewing invoices and check requests for payment must not be the same person entering invoice information into the financial software system.

As a general rule, vendor checks should not be returned to the requesting department but rather mailed by Accounts Payable.

9.5.1.b Department

Department heads and budget managers should ensure that payments charged to their accounts are valid by establishing appropriate internal control procedures, such as assigning a staff member to review all payment activity. The departmental reviewer should not be assigned any responsibility for requisitioning, ordering or certifying that goods or services were received.

Department heads and budget managers should also review their monthly budget reports and transaction activity on a regular basis. Any discrepancies should be reported immediately to the Controller.

9.5.2 Responsibilities

9.5.2.a Department

- Approval for Payment – The individual certifying that the disbursement request is true and correct and owed to the payee by the College must have a current signature authorization on file in Accounts Payable.
- Receiving Procedures – The department (or Purchasing and Procurement) must certify that the goods and services were received in acceptable condition in the quantity ordered.
- Invoice Review – Department Heads or budget managers should review invoices prior to payments being made. Such invoices include those supported by a blanket purchase or no purchase order. If an invoice is supported by a regular purchase order and evidence of receipt is provided, the department head or budget manager is not required to review and approve the invoice for payment.

9.5.2.b Fiscal Services – Accounts Payable

- The Office of Fiscal Services and Accounts Payable is responsible for ensuring compliance to the policies and procedures set forth in this chapter when processing invoices, check requests, student credit statements and advance payment requests for payment.

9.5.3 Sales and Use Taxes

The College is subject to sales and use taxes imposed by the State of California for the privilege of consuming tangible personal property in California. Therefore, the appropriate sales and use tax amount must either be paid or accrued, based on information contained in the purchase order or the invoice. For more information on the application of California Sales and Use Tax regulations, refer to the [University of California Sales and Use Tax Manual](#).

Accounts Payable is responsible for ensuring sales and use tax is paid or accrued as required under the rules of the California Board of Equalization.

9.5.4 Approved Budget and Available Cash

Before invoices and check requests are processed for payment approved budgets must be established for the respective expenditures. Disbursement requests made against asset and liability accounts are exempt from this provision (e.g., payments to students via their accounts receivable; invoices processed on behalf of ASUCH, and other certain accounts as authorized by the Chief Financial Officer) as are disbursement requests from Student Organizations.

Sufficient available cash must be on hand for all disbursements made from non-state funds.

9.5.5 Invoice Verification

Vendors requiring payment for goods and/or services rendered by the College shall provide the College with an invoice. The invoice should include the following items:

- The invoice should bill UC Hastings College of the Law
- The date of service
- A description of the goods and/or services provided
- Payment terms
- Discounts available, if any
- Remittance address

The Accounts Payable department will review all invoices submitted for payment and verify the following:

Payment Authorization

- All invoices must be authorized for payment with the College issued “invoice approval stamp” (Exhibit K) except for invoices associated with

a regular purchase order where evidence that the goods and services have been received

Purchase Order Requirement

- That a purchase order has been issued. [Refer to Exhibit G, Purchasing Policies](#), for instances where purchase orders are not required for items costing \$499.99 or more.

Proof of Receipt

- Evidence that the invoiced goods or services were received.

Invoice Accuracy

- Invoices should be issued to UC Hastings College of the Law
- Accuracy of mathematical computations and item descriptions, unit prices, quantities, discount terms, applicable taxes and any other terms and conditions of the purchase order. The reviewer should also verify that the vendor name and check remittance address are correct.

Any discrepancies in these items should be resolved with the department before the disbursement is processed.

9.5.6 Check Request Verification

Disbursement requests can also be made by submitting a completed and approved check request form ([Exhibit J](#)) to Accounts Payable. Documentation supporting the check request should be attached to the form.

The Accounts Payable department will review all check requests submitted for disbursement to verify the following:

- Evidence that the referenced goods or service were received.
- Accuracy of mathematical computations and item descriptions, unit prices, quantities and applicable taxes.

9.5.7 Student Credit Statement Verification

The College regularly disburses funds to currently enrolled students. The most common types of funds disbursed include Stafford and/or private loan proceeds, grants, and scholarships.

Such disbursements are recorded on the student's account receivable account. Accounts Receivable is responsible for verifying the student's enrollment status is not less than part-time and preparing the credit statements for processing. The credit statement provides detailed transaction displaying how the credit balance is calculated. The credit statements are authorized for payment by the Controller, or his/her designee and submitted to Accounts Payable for processing.

The Accounts Payable department reviews the student credit statements to confirm that the amount being disbursed is equal to the amount stated on the credit statement. Any discrepancies must be explained and documented...

9.5.8 Advance or Pre-Payments

Advance or prepayments are to be avoided whenever possible.

Additionally, there is a loss of interest on funds used to make advance payments, particularly if the delivery of materials or performance of services ordered is to take place at some distant future date. The Treasurer of the Regents invests College operating funds in short-term notes, etc. Monies drawn from these funds and used to make advance payment therefore lose interest they would have otherwise earned.

9.5.8.a Purchase Order Pre-Payments

Where advance payments are necessary and unavoidable, the payment is effectuated through a purchase order pre-payment. Department Heads or budget managers should submit a purchase request form along with the invoice or check request to Purchasing. .

Once the purchase order number is issued, Purchasing will indicate the purchase order prepayment number on the invoice/check request and forward it along with a copy of the purchase order to Accounts Payable for processing and payment.

9.5.8.b Pre-Paid Expense

Advance or pre-payment transactions will initially be recorded as a pre-paid expense. When the final invoice is received and evidence obtained that all of the associated goods and services have been rendered, Accounts Payable will reverse the pre-paid and record the expenditure.

It is the department's responsibility to notify Purchasing when the goods and/or services have been received or rendered.

9.6 Disbursement Processing

9.6.1 Disbursement Schedule

Disbursements are made each Friday. The Chief Financial Officer, Controller or his/her designee may authorize off-cycle disbursements as deemed necessary.

Department heads and budget managers should submit disbursement requests to accounts payable on a regular basis. Personal reimbursements (excluding travel reimbursements) received by 5 p.m. on Friday will generally be paid on the following Friday. Travel reimbursements will generally be paid within 10-day business days of receipt.

Accounts Payable reviews the payment due dates of all disbursement requests submitted for processing and determines the payment date. In order to maximize the College's cash flow, payment for disbursement requests will not be made earlier than necessary. When appropriate, Accounts Payable ensures that disbursements are processed in order to take advantage of vendor offered discounts.

All original supporting documentation for the checks is kept on file in Accounts Payable. This information is available for review by the College's auditors along with State and Federal Auditors.

9.6.2 Disbursement Methods

College disbursements are made in a variety of ways including by petty cash, paper checks, electronic ACH credit and debit, wire transfers, procurement cards and College credit cards.

The Chief Financial Officer accounts for all paper checks via a log indicating the number of the last check reviewed for each set of checks maintained. All voided checks are required to have the signature area removed before submission to the Chief Financial Officer.

All disbursements are made centrally through the Office of Fiscal Services. Procurement cardholders are also authorized to make disbursements on behalf of the College, subject to the Procurement Card Policy and Procedures.

9.6.3 Disbursement Review Process

All disbursement requests are reviewed to ensure compliance with College and State policies. Any disbursement not complying with such policies is voided and the requestor notified accordingly. The person incurring the expense then becomes personally liable for the expenditure. The incidence of the expenditures not complying with guidelines should be infrequent since most purchases must be pre-approved through the purchase order system.

All disbursements are reviewed by the Chief Financial Officer or the Controller or his/her designee before released.

- Quarterly, disbursements of \$50,000 or more are reported to the Finance Committee.
- Quarterly, College travel and business expense reimbursements made to the Chancellor and Dean and his/her spouse or partner will be reported to the Chair of the Board of Directors. The Chief Financial Officer or his/her designee shall be responsible for this reporting.

9.7. Signature Authority

The Office of Fiscal Services is responsible for maintaining the current list of authorized signers for each of the College's accounts. A Signature Authority form (Exhibit AA) must be approved for each authorized signer by the signer's division head.

The Chief Financial Officer shall authorize any changes in signature authority for the Chancellor and Dean's office.

9.7.1 Invoices Check Requests and Procurement Card Statements

The authorized budget manager and/or department head must approve and sign all invoices, check requests and the monthly procurement card statements. This responsibility can only be delegated in the event of the department head's or budget manager's extended leave (e.g., vacation;). If the budget manager and/or department head is unable to approve and sign the request, his/her supervisor must approve and sign the request.

9.7.2 Disbursements

- All checks issued by the College must have two signatures. Exhibit W indicates the signature authorization on the College's bank accounts.
- The Chief Financial Officer, Controller or his/her designee is authorized to release all electronic payments.
- The procurement cardholder's supervisor and the Chief Financial Officer or the Controller or his/her designee reviews and approves procurement card payments.

9.8 Reimbursement of Expended State Appropriated Funds

Monthly, the Office of Fiscal Services is responsible for requesting reimbursement from the State for State expended funds in an amount not to exceed one-twelfth (1/12) of the State appropriation. The State processes the request for reimbursement and the funds generally are received within two to three weeks. Since this method funds the College in arrears for its expenditures, the State allows the College to request an advance of its funds in July. The College can request the maximum advance, which equates to 10 percent of its State appropriation.