TABLE OF CONTENTS

8.01 OVERVIEW OF CASH DISBURSEMENTS ................................................................. 2
  8.01.1 CURRENT POLICY ............................................................................................ 2

8.02 DISBURSEMENT APPROVAL PROCESS .............................................................. 5
  8.02.1 AUTHORIZED RECEIVING REPORTS .............................................................. 5
  8.02.2 EXPENSE VOUCHERING ............................................................................... 5
  8.02.3 AUTHORIZATION FOR CONTINUED PAYMENTS .......................................... 9
  8.02.4 AUTHORIZED PURCHASES WITH PAYMENT IN ADVANCE ....................... 9

8.03 INTERDEPARTMENTAL CHARGES .................................................................... 9

8.04 DISBURSEMENT PROCEDURES ...................................................................... 11
  8.04.1 SYSTEM INPUT/OUTPUT AND RELATED CONTROL ................................ 11
  8.04.2 CHECK SIGNING AND DISTRIBUTION ....................................................... 12
  8.04.3 NEW JERSEY PROMPT PAYMENT ACT ......................................................... 12

8.05 PETTY CASH .................................................................................................... 13
  8.05.1 PURPOSE OF PETTY CASH ......................................................................... 13
  8.05.2 ESTABLISHMENT OF PETTY CASH ............................................................... 13
  8.05.3 PAYMENTS .................................................................................................. 14
  8.05.4 REIMBURSEMENT .......................................................................................... 14
  8.05.5 RECONCILEMENT ......................................................................................... 14
  8.05.6 CLOSING ..................................................................................................... 14

8.06 ACCOUNTING FOR CASH DISBURSEMENTS ................................................. 15

EXHIBITS

EXHIBIT NUMBER
  8-1 MISCELLANEOUS DISBURSEMENT VOUCHER (MDV)
  8-2 PERSONAL SERVICES CONTRACT/BILLING FORM
  8-3 TRAVEL EXPENSE VOUCHER
  8-4 TUITION REIMBURSEMENT FORM
  8-5 REQUEST FOR TRAVEL
  8-6 DEPARTMENTAL CHARGE AUTHORIZATION FORM
8.01 OVERVIEW OF CASH DISBURSEMENTS

This chapter encompasses the policies and procedures for approving, disbursing and accounting for all cash disbursements. The University uses the Information Associates -Financial Records System (FRS) to process and provide the accounting for disbursement transactions. System procedures for processing disbursements, direct payment vouchers (Miscellaneous Disbursement Vouchers), Purchase Orders, Receiving Reports, Vendor Invoices, and preparing checks are outlined in the Information Associates, Financial Records System, Accounts Payable Users Reference Manual. A complete set of IA-FRS manuals are kept by Information Resources. Users Manuals are also maintained by the supervisors of Accounts Payable, Budget, General Accounting, Bursar, and Purchasing Offices.

8.01.1 CURRENT POLICY

- The Accounts Payable/Disbursements Office is the only department of the University that has the authority to disburse funds for payment of University expenditures.
- Separate bank accounts have been established for disbursing funds for operations of the University. A disbursement account has been established for the disbursement of general operating funds. A separate payroll account is maintained for the payroll process.
- All disbursements of the University may be "facsimile" signed on a check-signing machine, utilizing a laser printer for an authorized officer of the University. These officers include: Controller, Vice President for Administration and Finance, Bursar, and the President.
- All disbursement checks over $10,000 require two signatures, one signature of which must be an original.
- Rowan University disburses funds for payment to vendors and for the reimbursement of employees through the SCT Accounts Payable function of the Financial Records System (FRS). These checks are printed in the Accounts Payable Department. The Director of Accounts Payable/Cash Management and the Accounts Payable Office Supervisor handle the responsibility for check printing and report reconciliation. Check reconciliations are maintained in Accounts Payable and occur with each check run and a monthly summary reconciliation.
Types of Payment Requests:

- Normal payment requests are payments entered into the SCT/FRS accounts payable system from invoices received for payment as a result of University purchase orders, miscellaneous disbursement vouchers (MDV), and batch file payment request from the Bursar’s Office. These payments follow the normal processing schedule and the FRS programs to produce the payment file which is run in overnight processing on Monday and Wednesday nights. Various voucher types indicate types of payments and/or special handling instructions (i.e. Enclosures, payroll-related items, bursar-related items, etc.) and are used to collate the different payment requests. The actual checks are printed in Accounts Payable on the mornings following the overnight processing. Special check runs needed to accommodate unique timing circumstances may be run on any night and checks would be produced in the normal manner the following day.

Demand payment requests are handled as required. The need for immediate payment outside the normal processing periods is reviewed and approved as needed. These payments are entered into the FRS systems and the check produced immediately through the use of the Demand Check/Payment screens (1C1 – 1C4). A list of manual check numbers to be used for these payment requests is maintained in Accounts Payable and a copy of all demand checks produced are stored in Accounts Payable.

Types of Checks:

Regular checks, those checks that will be put into an envelope, are issued by the University for all payments that require any of the following handling instructions:
- Enclosures of any kind
- Student related refunds
- Rowan University Foundation payments
- Demand checks
- Payroll related items

Self-sealing checks are used for all other types of payments. These checks do not require separate envelopes.
Check Runs:
  • Normal check runs are produced overnight on Mondays and Wednesdays through the FRS/AP systems. Notification of these completed programs is received in Accounts Payable via e-mail from MIS operations. This notification gives the following information:
    • voucher/check types
    • beginning and ending check numbers
  • Accounts Payable runs the following programs on the local HP Laser printers:
    • FRS check cycle reports – These reports give the number of checks produced by voucher type and the dollar amount associated with each type.
    • Acuprint Check Print Program – This program produces the actual checks by check type (standard vs. mailer).
    • Acuprint audit reports – These reports show the actual number of checks produced by payee and dollar amount. The quantity and dollar totals must agree with the FRS reports.
    • Check Reconciliation Worksheet – This report verifies all data produced and is maintained in Accounts Payable for audit purposes.
  • These reports and programs are run by either the Director of Cash Management/Accounts Payable or the Accounts Payable Office Supervisor and reviewed by the other.

Demand Checks:
  • Demand checks are run as requested. Proper paperwork is required at all times. Members of the Accounts Payables staff enter these requests into the FRS/AP system. Audit trail information will be included with the next regular check run for reconciliation purposes.
  • The Purchasing Module of IA-FRS provides for a three-way match of the purchase order, receiving report, and vendor invoice. When this match is complete, the payment is scheduled for payment processing through the check cycle.
    • The following purchase order types are not included in the three-way match; these disbursements are reviewed and initialed by the Accounts Payable Director: Waiver Blanket (WB), Blanket Order (BO), Check With Order (CW), Waiver (WA), Change Order (CH), Lease Order (LO), and New Year Orders (NY).
Responsibility for payment after the three-way match is performed and assigned to the Supervisor of Accounts Payable/Disbursements. Proper control of the payment function is maintained by the system through the use of security in the purchase order authorization function, the separate responsibility for receipt of goods, and the processing of the vendor's invoice.

The Check Cycle Cash Disbursements Report is reviewed by the Director of Accounts Payable. Check cycles will be scheduled twice each week. They are included in normal production scheduling.

Release of a check for distribution is subject to approval based on the amount of the check and the nature of the expenditure:

- Up to $10,000
  - All expenditures – Director of Accounts Payable
  - Accounts Payable/Disbursements

- $10,000 and over
  - All expenditures -- Director of Accounts Payable and original signature of the Vice President for Administration and Finance/Controller or Bursar.

### 8.02 DISBURSEMENT APPROVAL PROCESS

The procedures regarding the approval of payment vouchers, expense vouchers, purchase orders, and continued payment disbursements (i.e., compensation claims) are explained as follows.

#### 8.02.1 AUTHORIZED RECEIVING REPORTS

The Purchasing Module of IA-FRS provides for a three-way match of a purchase order, a receiving report and a vendor invoice before the payment process is begun (except as noted in section 8.01.1, item 9).

#### 8.02.2 EXPENSE VOUCHERING

Expense vouchering includes Miscellaneous Disbursement Vouchers (MDV's) and Travel Expense Reimbursement Vouchers.
Miscellaneous Disbursement Vouchers

Miscellaneous Disbursement Vouchers (see Exhibit 8-1) are used to generate disbursements for reimbursement of out-of-pocket expenses where properly justified, memberships in professional organizations or clubs, subscriptions, when a prepayment is required, Honorariums and Stipends up to $1,000, and payments $500 and under. When using an MDV to pay an individual or company for personal services (subcodes 3630, 3650, 3820, 3825, and 3899) and there is no formal contract previously in place, and an invoice is not available as a normal course of business, a Personal Services Contract/Billing Form (see Exhibit 8-2) is to be completed and sent with the MDV to Accounts Payable for processing. The procedures for initiating and processing Miscellaneous Disbursement Vouchers (MDV's) for the purposes of authorizing and approving expenditures are discussed below.

• MDV Approval
  • Department - All MDV's are prepared within the appropriate department. It is the responsibility of the Department Head to review and approve all MDV's originated within the department for propriety and agreement with University policies and procedures. Reimbursements to department heads are to be approved by their supervisors. The MDV is then forwarded to the Budget Office.
  • Budget Office - The Budget Office reviews the MDV for proper account number and available funds, and forwards the MDV to Accounts Payable.
  • Accounts Payable - Verifies items on MDV before Supervisor of Accounts Payable/Disbursements' review, including:
    • Proper documents attached (receipts, invoices, quotations),
    • Prior approvals properly documented.
  • Accounts Payable Director -
    • Signs, indicating review is complete.
    • Authorizes expenditure based upon review of MDV for reasonableness and agreement with University rules and regulations.
    • Returns MDV to the appropriate Department Head if incomplete, no budget balance available, or not in accordance with University policies and procedures.

• MDV Processing -
  • MDV's are assigned a voucher number. The Accounts Payable unit is provided with authorized copies of MDV's for payment processing.
Processing Procedures - Accounts Payable/Disbursements Office

- Receives approved MDV
- Reviews for reasonableness and authorizations.
- Assigns vendor number from vendor master list, where necessary.
- Assigns serial voucher number to MDV.
- Enters Payment Voucher on FRS.
- Administrative MDV's over the $500 limit require approval by Controller or Bursar.

Special Expense Vouchering Procedures

Special forms of the MDV exist to authorize, encumber and initiate expenditures for:
- Travel Expense Voucher, (Exhibit 8-3)
- Tuition Reimbursements, (Exhibits 8-4) Salary Advances, Student Refunds, Sales and Payroll Taxes. Processing of these vouchers follows the procedures for general MDV's (as described above).

A. Travel Expense Reimbursement (See Chapter 9 - Travel Policies & Procedures)

- Employee prepares Request for Travel Approval form (Exhibit 8-5) in accordance with procedures established in Chapter 9.
- After the employee completes the trip, a Travel Expense Invoice is completed (in accordance with Chapter 9, Travel Policies and Procedures) and forwarded to the Budget Office. The Budget Office determines availability of funds, verifies the proper account number, and forwards the Travel Expense Invoice to the Accounts Payable/Disbursements Office
  - Routed through the payment approval process if the difference is due from the University, or
  - Routed to the Cashier's Office with a check for the difference if it is owed to the University.

B. Tuition Reimbursement

Employees in the AFT bargaining unit and unclassified managerial employees are eligible for reimbursement in accordance with the terms of the current contract. The terms may vary due to negotiation between the State and the AFT. The present contract provides for tuition reimbursement under the following conditions:
• The maximum number of credits eligible for reimbursement for one year is nine (9).
• The maximum number of credits eligible for reimbursement during your employment is forty-five (45).
• Reimbursement is by credit hour based on the current contract amount.
• The employee submits proof of completion of course work.
• The employee receives a grade of "C" or better.

Payment is contingent upon continuation of the Tuition Reimbursement Program in the successor agreement that is negotiated between the State and the AFT.

• The employee prepares the Tuition Reimbursement Form (see Exhibit 8-4) available in the Provost's office.
• The Tuition Reimbursement Form is submitted to the Provost for approval of the President or his designee.
• The Provost distributes the copies of the processed Tuition Reimbursement Form as follows:
  • Original to Accounts Payable
  • Human Resource copy to employee's personnel file
  • Retains a numerical file copy in numerical file
  • Miscellaneous copy to Supervisor of Accounts Payable/Disbursements for further follow-up upon course completion.
  • Copy to individual
• Employee submits proof of completion of course with a grade of "C" or better to the Director of Accounts Payable/Disbursements.
  • Director of Accounts Payable/Disbursements reviews proof of completion and successful grade.
  • Uses Accounts Payable/Disbursements copy of Tuition Reimbursement form to process payment voucher.
  • The check produced is made out to the employee. Normal disbursement and signing procedures are involved (Section 8.01.1).
8.02.3 AUTHORIZATION FOR CONTINUED PAYMENTS

- Authorizations for continued payments are processed in accordance with Section 8.02.2 of this chapter of the manual.
- If the total amount to be paid exceeds the unexpended amount, a new Purchase Requisition for continued payments is prepared.
- Continued payments are processed in accordance with procedures stated in Section 8.03 of this Manual.

8.02.4 AUTHORIZED PURCHASES WITH PAYMENT IN ADVANCE

- Prepayment Purchase Orders are processed in accordance with procedures stated in Section 13.02.8 of the Purchasing chapter of this manual.

8.03 INTERDEPARTMENTAL CHARGES

In order to properly account for the exchange of goods or services between departments of the University, the following procedures are established.

A Departmental Charge Authorization form (see Exhibit 8-6) should be completed between the department requesting the goods or services and the department supplying the goods or services.

The Departmental Charge Authorization must be typed and initialed by the department requesting the goods/services. The department should complete the following:

- Date
- Deliver to/Charge (Account number and department or division name)
- Name of requester and telephone extension
- Address of the department
- Description (Department providing goods or services)
- Goods or services requested (quantity, description, estimated unit cost and total amount)
The total amount of goods or services requested
The account which should be charged (debit account number) - six-digit account number
Sub account - (four-digit account subcode)
2100 Office Supplies
2300 Educational Supplies
2180 Duplicating Services
3510 University Food Services
2130 GCTC (Graphic Communications Technology Center Services)
The person requesting the goods or services (signature)
The department head (approval signature)
The dean or administrative official (approval signature - if required)
The department requesting the goods or services should keep a copy of the Departmental Charge Authorization form.

If the total estimated amount of the goods or services is two hundred dollars ($200.00) or greater, the completed Departmental Charge Authorization must be forwarded to the Budget Office for approval of funds. The Budget Office will indicate the following:
- Budget approval
- Encumbrance number/amount
- The budget balance available

The Budget Office will then forward the Departmental Charge Authorization form to the appropriate department supplying the services.

If the total estimated amount of the goods or services is less than two hundred dollars ($200.00), the Departmental Charge Authorization form (see Exhibit 8-6) should be forwarded by the requesting department directly to the department supplying the goods or services.

The department supplying the goods or services will complete the following:

- The actual unit cost
- The actual amount
- The total actual cost/amount
- Account credited (six-digit account number)
- Sub account (four-digit account sub-code)
- Delivered from (department)
- Delivered by (person)
• Date delivered/completed

After providing the goods or services, the supplying department will have the requesting/receiving department complete the following:
• Received by
• Date received/approved

The Departmental Charge Authorization form should then be sent to the General Accounting Office. The General Accounting office will record the transaction in FRS, keep the original copy, and return the acknowledgment copy to the department supplying the goods or services.

8.04 DISBURSEMENT PROCEDURES

The procedures regarding the processing of Purchase Order and Expense Voucher payments are explained as follows.

8.04.1 SYSTEM INPUT/OUTPUT AND RELATED CONTROL

1. **Three-way match** (Purchase Order, Receiving Report, Vendor Invoice) prior to processing vendor payments: (Exceptions noted in Section 8.01.1, item 9).

   • Goods and services are obtained by the Purchasing Department preparing an approved Purchase Order. All Purchase Orders are reviewed for propriety and signed by the Director of Purchasing or the Controller.
   • Central Receiving prepares a Receiving Report when the goods are received. Additional receiving information may be entered by the appropriate department.
   • Accounts Payable enters the vendor invoice. Vendor invoices are filed alphabetically.
   • Based on a three-way match, the Purchase Order, Receiving Report, and vendor invoice are compared and a payment is scheduled.
   • The vouchered payment is then updated through a data processing feed to the Daily Accounts Payable Update.
   • Throughout the various feeds and on-line updates, data is controlled by both number of transactions and dollar value of transactions. Batch header files are flagged after each update to prevent duplicate processing.
Check Extract (VBC.010) program provides total dollar values of the checks which will be written and the new balance of outstanding vouchers and credit memos.

The Check Cycle Update (VBC.025) produces control totals of outstanding vouchers and checks written. These are compared to the Check Extract program for control.

2. Direct Payments

- Direct payments (MDV and travel payments not authorized by Purchase Orders) are processed in Accounts Payable. Supporting documentation is reviewed for accuracy and agreement with University policy. After review and approval, the payment expense voucher is entered on-line for payment.
- The voucher processing is controlled by first running a tape of the number and dollar value of the transactions. A running session total of transactions and dollars is updated (and viewed on line) after each transaction. The final session totals are compared to the batch totals to insure agreement.
- Vouchered payments are not filed until they are compared and agree with the total Accounts Payable batch session totals.
- Based on the transaction code, the payment vouchers are fed to the Check Cycle.

Procedures for preparing checks for vouchered payments are similar to payments authorized by Purchase Orders. (See Section 8.04.3 of this chapter of the manual.)

8.04.2 CHECK SIGNING AND DISTRIBUTION

- Acuprint (VBC.020) prints the required checks. A check control log and voided check report is presented and approved by the Controller after each check run. Records are kept in Accounts Payable.
- Checks are validated in accordance with Section 8.01 of this chapter of the manual.
- Validated checks are distributed from the Accounts Payable Office/Disbursements Office.

8.04.3 NEW JERSEY PROMPT PAYMENT ACT

In accordance with state statute, when presented with a properly executed invoice, the University is required to make payments to vendors on or before the required payment due date. The law sets forth the following conditions for payment and interest:
State agencies [are required] to pay interest on the amount due to a business concern pursuant to a properly executed State invoice if the required payment is not made on or before the required payment date. Interest will not be paid under the bill for late payment on construction contracts, or for goods or services which are found to be defective. The required payment date will be 60 calendar days from the receipt of a properly executed State invoice or 60 calendar days from the receipt of goods and services, whichever is later. The State Treasurer shall establish the interest rate to be paid, based on private commercial rates for new five year loans."

**8.05 PETTY CASH**

**8.05.1 PURPOSE OF PETTY CASH**

- The purpose of a Petty Cash Fund is to provide a convenient process to make payments when immediate payment is required to secure goods or services. It is also used to reimburse employees for small purchases which are made directly from an employee's out-of-pocket funds.
- A Petty Cash Fund is a method of payment. It is not an account which can be charged for purchases or reimbursements.
- When a Petty Cash Fund is established, the amount of the Fund is transferred from the regular University cash account. When disbursements from the fund are made, the appropriate receipts must be retained in order to reimburse the Fund. The balance of the Funds must always be the amount of the Fund which was transferred from the regular University cash account. The balance of the Fund is made up of the cash on hand plus the supporting receipts for which disbursements were made.

**8.05.2 ESTABLISHMENT OF PETTY CASH**

- A request to establish a petty cash account must be sent to the Controller for approval.
- Request memo must include the name, phone number, and social security number of the custodian, the proposed amount of the fund, and a Miscellaneous Disbursement Voucher for the requested amount.
- After approval by the Controller, Accounting Services will take the necessary steps to establish the account in FRS and forward the MDV to Accounts Payable for processing.
• After the check is produced, Accounts Payable will notify the custodian for pick-up. The custodian can then cash the check to establish the fund.

8.05.3 PAYMENTS

• Petty Cash should be used to pay bills only when immediate payment is required to secure the product or service. All other normal payments should be submitted through normal University Accounts Payable procedures.

8.05.4 REIMBURSEMENT

• Reimbursement of Petty Cash accounts will be handled on a Miscellaneous Disbursement Voucher.
• The MDV should be made payable to: "Petty Cash Fund, c/o Custodian Name" SS#.
• All receipts and supporting documentation should be attached to the MDV.
• All normal Accounts Payable Procedures regarding MDV will be followed (i.e., authorized signatures, budget requirements, etc.).

8.05.5 RECONCILEMENT

• Petty Cash accounts will be reconciled semi-annually. Form letters requesting cash and receipt balances as of December 31 and June 30 will be sent from Cash Management.
• Periodic cash counts and inspections will be handled by the Internal Audit Department.

8.05.6 CLOSING

• Petty Cash funds no longer necessary should be closed as soon as possible.
• All remaining cash should be returned with a deposit transmittal crediting the Petty Cash account to the Bursar's Office.
• All remaining receipts should be entered on an MDV. This MDV should be marked "Final" and "Do Not Reimburse" and submitted to Accounts Payable.
8.06 ACCOUNTING FOR CASH DISBURSEMENTS

Accounting transactions are generated by the IA-FRS software program. Appropriate direct accounting entries are made based on the transaction code and system-defined accounting entries. The system also generates indirect entries to the appropriate accounts (Income Summary, Fund Balance, and Encumbrances).