

**ADMINISTRATION AND FINANCE
POLICIES AND PROCEDURES**

Chapter 8

INVOICE PROCESSING AND DISBURSEMENTS

Revision Date: 1/24/2007

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**EXHIBIT
NUMBER**

EXHIBITS

8-1	CHECK CYCLE DISBURSEMENTS REPORT
8-2	MISCELLANEOUS DISBURSEMENT VOUCHER (MDV)
8-3	PERSONAL SERVICES CONTRACT/BILLING FORM
8-4	REQUEST FOR TRAVEL
8-5	TRAVEL EXPENSE VOUCHER
8-6	TUITION REIMBURSEMENT FORM
8-7	DEPARTMENTAL CHARGE AUTHORIZATION FORM

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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 Banner Finance System to process and provide the accounting for disbursement transactions. System procedures for processing disbursements, direct payment vouchers (Miscellaneous Disbursement Vouchers), Purchase Orders, Receiving, Vendor Invoices, and preparing checks are outlined below.

Please note: If you intend to pay for services rendered to the University, you must review and complete documents related to the Independent Contractor Policy before services are received. In addition, a W-9 form must be on file before payment is made.

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 Rowan University, Rowan University Foundation, Student Government Association, Friends of Hollybush and South Jersey Technology Park at Rowan University expenditures. Payments from the Rowan University Foundation and the South Jersey Technology Park at Rowan University accounts must be approved by the appropriate individuals before any funds are disbursed by the Accounts Payable/Disbursements Office.
- Separate bank accounts have been established for disbursing funds for the operation of these areas. A disbursement account has been established for the disbursement of general operating funds. A separate payroll account is maintained for the University payroll process.
- All disbursements of **The University** may be "facsimile" signed for an authorized officer of the University utilizing a laser printer. These officers include: President, Vice President for Administration and Finance, Associate V.P. / Controller, Director of Revenue/Bursar, and Director of General Accounting. **The Rowan University Foundation** checks require original signatures and no "facsimile" signing is permitted. Authorized officers that may sign these checks are the Executive Director of the Foundation, Associate V.P./Controller of Rowan University, and Foundation Administrator. **The South Jersey Technology Park** checks require original signatures and no "facsimile" signing is permitted. Authorized officers that may sign these checks are President, Chair of the South Jersey Technology Park at Rowan University, Associate V.P./Controller of Rowan University and the Treasurer of the South Jersey Technology Park at Rowan University.
- All **University** disbursement checks over **\$15,000** require two signatures; one signature must

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be an original. All **Rowan University Foundation** disbursement checks over \$1,000 require two original signatures. All **S.J. Technology Park at Rowan University** checks over \$10,000 require two original signatures.

- Rowan University disburses funds for payment to vendors and for the reimbursement of employees/students through the SCT Accounts Payable function of the Banner Finance system. 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.

Types of Payment Requests:

- **Regular** payment requests are payments entered into the Banner Finance system from invoices received for payment as a result of a University purchase order, miscellaneous disbursement voucher (MDV), Travel, and batch file payment requests. 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. Special check runs needed to accommodate unique timing circumstances may be run as needed.
- **Demand** payment requests are handled as required. The need for immediate payment outside the normal processing periods is reviewed and approved as needed.
- **Electronic** Payment requests are payments that are sent via Wire or ACH (Automated Clearing House) for the same types of invoices listed above.

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
- South Jersey Technology Park payments
- Demand checks
- Payroll related items

Self-sealing checks are used for all other types of payments. These checks do not require separate envelopes.

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Check Runs:

Regular check runs are completed Tuesdays and Thursdays in the Banner system.

- Accounts Payable produces all checks on the local HP Laser printers:
- Banner Finance batch check/direct deposit process. This produces the check or DD file.
- Intellectcheck. Print Program – This program produces the actual checks by check type (standard vs. mailer).
- Intellectcheck Audit Reports – These reports show the actual number of checks produced by payee and dollar amount. The dollar totals must agree with the Banner Finance reports.
- Check Cycle Disbursement Report (Exhibit #1) – This worksheet verifies all data produced and is maintained in Accounts Payable for audit purposes. This worksheet is completed by either the Director of Cash Management/Accounts Payable or the Accounts Payable Office Supervisor and reviewed by the Controller, Director of Accounting or Director of Revenue. This worksheet includes a summary of the number of checks per bank, dollar amount per bank and the register and audit trail of all of the 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 Banner Finance system. The process to complete a regular check run is followed to produce the check.
- The Purchasing Module of Banner provides for a three-way match of the purchase order, receiving, and vendor invoice. When this match is complete, the payment is scheduled for payment processing through the check matching process.
 - The following purchase order types are not included in the three-way match; these disbursements are reviewed by the Accounts Payable Supervisor: Blanket/Standing Order (SO), Check with Order (CW), and Change Order (CH).
 - 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.
- Release of a University check for distribution is subject to approval based on the amount of the check and the nature of the expenditure:
 - Up to \$15,000

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- Manager/Supervisor of A/P
- \$15,000 and over
 - Manager/Supervisor Accounts Payable and original signature of the Vice President for Administration and Finance, Associate Vice President/Controller, Bursar, Director of Accounting.

Foundation/S.J. Technology Park checks require an original signature of an authorized signer. Checks that exceed \$1,000 require two signatures of authorized signers. Signature cards are on file with the Director of A/P.

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

The Purchasing Module of Banner Finance provides for a three-way match of purchase order, receiving and vendor invoice before the payment process is begun (except as noted in section 8.01.1, item 8).

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 8-2**) are used to generate disbursements for the reimbursement of minor out-of-pocket expenses (generally \$100 or less) where properly justified. These include reimbursements to employees/students for minor purchases such as supplies, etc. MDV's can also be used for the following payments and may exceed \$100:

- Refunds on student accounts to a student, parents, lending institutions, etc.
- Reimbursements of employees', students' or candidates' travel expenses;
- Conference registrations.
- Creation/Re-establishment of a Petty Cash Fund.

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- General accounting payments for bonds, debt service, grants etc.
- Payment of payroll taxes and other payroll withholdings.
- Student Government Payments
- Rowan University Foundation Payments
- Miscellaneous Administrative payments as approved by the V.P. of Finance or the Assoc. V.P. of Finance or appropriate designee.

MDV's that are received for any other category will be returned to the preparer for submission through the requisition process.

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 (responsible official) to review and approve all MDV's originated within the department in accordance 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 review, including:
 - Proper documents attached (receipts, invoices, quotations if needed),
 - Personal Service Contract (**Exhibit # 8-3**)
 - Accounts Payable Director -
 - Signs document authorizing expenditure based upon review of MDV for reasonableness and agreement with University rules and regulations.
 - Returns MDV to the appropriate Department Head (responsible official) if incomplete, no budget balance available, or not in accordance with University policies and procedures.
- MDV Processing -
 - The Accounts Payable unit is provided with authorized copies of MDV's for payment processing. MDV's are assigned an invoice number by the banner program for tracking and processing.

Processing Procedures - Accounts Payable/Disbursements Office

- Receives approved MDV

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- Assigns vendor number from vendor master list, where necessary.
- Assigns serial Invoice number to MDV.
- Enters Payment Voucher on Banner Finance System.

Special Expense Vouchering Procedures

Special forms of the MDV exist to authorize, encumber and initiate expenditures for:

- Travel Expense Voucher, (**Exhibit 8-5**)
- Tuition Reimbursements, (**Exhibits 8-6**) Student Refunds, Sales and Payroll Tax withholdings. Processing of these vouchers follows the procedures for general MDV's (as described above).

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

- Employee prepares Request for Travel Approval form (**Exhibit 8-4**) 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 and
 - Routed through the payment approval process if the difference is due from the University, or
 - Routed to the Bursar Office with a check for the difference if it is owed to the University.

*Please note: if the department does not have adequate funding, the Budget office will request a transfer of funds

Tuition Reimbursement

- Each bargaining unit has specific guidelines for handling the reimbursement of tuition. Please contact the Provost Office or Human Resources office for specific details.

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

Upon completion of the course:

- The employee prepares the Tuition Reimbursement Form.
- Employee submits proof of completion of course with a grade of "C" or better to

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the Supervisor of Accounts Payable/Disbursements.

- 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 8.04 of this Manual.

8.02.4 AUTHORIZED PURCHASES WITH PAYMENT IN ADVANCE

- Prepayment Purchase Orders are processed in accordance with procedures stated in Section 13.02.6 of the Purchasing chapter of the 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 8-8**) 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)

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- Goods or services requested (quantity, description, estimated unit cost and total amount)
- The total amount of goods or services requested
- The FOPAL that should be charged (debit account number) - sixteen-digit FOPAL
- 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 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 or blended/established rate
- The total actual cost/amount
- Account credited (ten-digit fund/org)
- Account/Program (six-digit account/program code)
- Delivered from (department)
- Delivered by (person)
- Date delivered/completed

After providing the goods or services, the supplying department will have the requesting/receiving departments complete the following:

- Received by
- Date received/approved

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

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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, Vendor Invoice) prior to processing vendor payments: (Exceptions noted for MDV's and Travel Vouchers).
 - 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 and/or the Controller.
 - Receiving information is 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, and vendor invoice are compared and a payment is scheduled.
 - The voucher payment is then updated through a data process in Banner Finance.
 - Throughout the various feeds and on-line updates, data is controlled by both number of transactions and dollar value of transactions. Duplicate invoice number checking is used by Banner Finance to prevent duplicate payments.
 - The Invoice Selection Control Process report provides total dollar values of the checks which will be written and the new balance of outstanding vouchers and credit memos.
 - The Subsidiary Control Ledger Report is reviewed daily and indicates if A/P is in Balance with the General Ledger.

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.

Procedures for preparing checks for voucher payments are similar to payments authorized by Purchase Orders.

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8.04.2 CHECK SIGNING AND DISTRIBUTION

- Evisions IntelCheck program is used to print all checks.
- Printed checks are reviewed for completeness by the Accounts Payable staff.
- Checks are validated in accordance with Section 8.01 of this chapter of the manual.
- Copies of the Check Cycle Disbursements Reconciliation Report are distributed to the Controller for review and signature where required.
- Validated checks are distributed from the Accounts Payable Office.

8.04.3 NEW JERSEY PROMPT PAYMENT ACT

In accordance with state statute the University is required when presented with a properly executed invoice 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."

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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 Banner 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.
- As of this writing, the following areas have a petty cash fund. Accounts Payable, Bookstore, Facilities Operations, Student Center and the Library.

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.

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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 annually. Form letters requesting cash and receipt balances as of December 31 will be sent from Accounting Services.
- Periodic cash counts and inspections will be handled by the Finance 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 Banner 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.

