

# Accounts Payable Workshop

Boston University  
Office of the Comptroller

# Accounts Payable Workshop

## Topics of Discussion

- Accounts Payable Organization
- Purchases Covered by University Purchasing Policy
  - Receipt Acknowledgment
- Purchases Exempt from University Purchasing Policy
  - Disbursement Request form
- Contracted Service Payments
- Honorariums
- GALAXY APPO inquiry functions
- Invoice Display on the Business Link
- Accounts Payable Website

# Accounts Payable Department

- Location: 25 Buick Street, 1<sup>st</sup> Floor
- Phone: (617) 353-4270
- Fax: (617) 353-3600
- Website: <http://www.bu.edu/comp/acctpay/>
- E-mail: [apcrc@bu.edu](mailto:apcrc@bu.edu)
- Office hours: 9 a.m. to 5 p.m.  
Monday-Friday

# Responsibility of the Accounts Payable Department

- Timely and accurate processing of all non-payroll disbursements made by the University other than petty cash.
- This includes vendor invoices, miscellaneous reimbursements and payments, and employee travel advances and reimbursements.

# Services Provided

- Three check runs each week
- Reimbursements under \$100.00 approved for the same day pick-up of cash on request
- Enclosures such as order forms and cover letters mailed with checks on request
- On-line inquiry functions

- Charles River Campus Accounts Payable processes all non-PO related invoices for the Charles River Campus.
- Purchasing Operations processes PO-related invoices for the Charles River Campus.

## Step 1:

- Review Purchasing Policy to determine if purchase should be made in conjunction with the Office of Purchasing Services. <http://www.bu.edu/purchasing>
- Departmental petty cash should be used for the purpose of meeting miscellaneous, small dollar expenses.

# If purchase is covered by University Purchasing Policy

- University Unit/Dept.:
  - Complete a requisition providing the following information:
    - Department name
    - Accounts to be charged
    - Suggested vendor name, address, phone number
    - Description and estimated cost of needed items
    - Delivery location



# Purchase Covered by University Purchasing Policy

- Purchasing Services:
  - Reviews the requisition and places the order with the vendor. The purchase order contract is recorded in the purchasing/accounts payable system.

# Purchase Covered by University Purchasing Policy

- Vendor:
  - Ships item(s) and issues invoice referencing the Boston University purchase order number. The invoice should name Boston University as “sold to” and reference the “ship to” department name and address.
  - Mails invoice to the Office of Purchasing Services.

# Invoice referencing a Boston University Purchase Order

- Purchasing Services:
  - Invoice is “matched” line by line to the existing purchase order record in the purchasing/accounts payable system.
  - Discrepancies are resolved in conjunction with the vendor and/or the requisitioner.

# Invoice referencing a Boston University purchase order

- When the invoice is successfully matched to the purchase order, the University liability will be recognized and the expense will be charged to the accounts indicated on the requisition submitted by the ordering department.
- An expense entry on your budget status report does *not* indicate that a payment has been made.

# Receipt Acknowledgment

- When an invoice is successfully matched to the purchase order, Accounts Payable will generate an Electronic Receipt Acknowledgment.
- A Receipt Acknowledgment is your notification that an invoice has been processed.

# Receipt Acknowledgment Notification

- The financial administrator who is set up to sign off on the Receipt Acknowledgment will be sent an email. The email will let you know that a PO related invoice has been processed and you should log on to GALAXY.

# Receipt Acknowledgment Notification

- If the invoice amount is  $< \$ 1,000.00$  you will be emailed a **Notification of a Processed Invoice**.
- If the invoice amount is  $\geq \$ 1,000.00$  you will be emailed a **Notification of Receipt Acknowledgment**.

# Invoice amount less than or equal to \$1,000.00

- GALAXY function AP41 will display invoices that have been expensed to your account.
- You should verify that the items included on the vendor's invoice have been received in good condition and the invoice should be paid.



# Invoice amount less than or equal to \$1,000.00

- The invoice will be released for payment 6 business days after it has been expensed unless the invoice is put on hold.
- If the invoice should not be paid you must put the invoice on hold within 6 business days using GALAXY function AP41.

# Invoice amount is greater than \$1,000.00

- A signature is required. When the invoice has been processed the user will get GALAXY Electronic Authorization (EA) prompt requiring a signature.
- To release payment to the vendor you must sign the Receipt Acknowledgment form.
- The invoice will remain on hold until the Receipt Acknowledgment is signed.

# When you receive a Receipt Acknowledgment

- Absent problems with vendor performance, the Receipt Acknowledgment should be approved within 6 business days from date of invoice authorization.
- The released invoice will be paid according to the vendor's terms. The University assumes terms of net thirty (30) days from the invoice date unless terms are specified on the invoice.

# Invoice references a purchase order common problems

- Vendor mails the invoice to the ordering department instead of mailing invoice to Purchasing. Invoice payment is delayed.
- Invoice does not reference a Boston University P.O. number. Invoice is returned to the vendor.
- Invoice does not match Purchase Order. Difference must be resolved before the invoice can be paid.

# Invoice references a purchase order common problems

- Purchasing is not contacted within 6 days regarding a  $\leq \$1,000.00$  invoice which should not be paid. Vendor is paid for merchandise which has not been received or merchandise received not in good order.
- Receipt Acknowledgment is not approved within 6 business days for invoice  $> \$1,000.00$ . Invoice remains on Hold Status.

# Disbursement Request

- Use this form to pay vendors and individuals for goods and services that are exempt from University Purchasing Policy.
- Visit the Accounts Payable Website to download the Disbursement Request form

<http://www.bu.edu/comp/acctpay/>

# Disbursement Request

- Use this form to pay:
  - Vendor invoices for purchases that do not require Purchasing Services' involvement
  - Miscellaneous Expense Reimbursements
  - Subscriptions
  - Conference Registration Fees
  - Honorarium Payments

# Taxable Income

## Taxpayer Identification Number

- The payee's Taxpayer Identification number (Social Security or Federal Identification number) must be provided for all taxable income items, including royalties, rents, services (including parts and materials), prizes and awards, other income payments, medical/ health care payments and legal services.
- If a Taxpayer ID is required we must have an IRS Form W-9 attached to the Disbursement Request or one already on file.



# Form W-9

## Request for Taxpayer Identification Number and Certification

Completion of this form by the vendor certifies that Boston University has the correct Federal Taxpayer Identification Number and the correct business name associated with that number.

# Form W-9

Form W-9 also certifies whether the business is a corporation, partnership, or sole proprietorship. This certification helps determine the University's reporting requirement to the Internal Revenue Service.

# Form W-9

To download Form W-9 visit:

<http://www.irs.ustreas.gov/>

# IRS Form 1099- MISC

- The University is required to file Form 1099-MISC, Miscellaneous Income, for calendar year payments for each person to whom we have paid at least \$10 in royalties, or at least \$600 in rents, services, prizes and awards, other income payments, medical and health care payments, legal services.

# Purchases Exempt from University Purchasing Policy

- University Unit / Dept.:
  - Place order with the vendor

# Purchases Exempt from University Purchasing Policy

- Vendor:
  - Issues invoice that names Boston University as “sold to” and includes the “ship to” department name and address.
  - Mails invoice directly to the ordering department.

# Invoice for purchase exempt from University Purchasing Policy

- University Unit / Dept.:
  - Verify the items included on the invoice have been received in good condition and that the price and quantity are correct.

# Invoice for purchase exempt from University Purchasing Policy

- University Unit / Dept.:
  - Complete and sign a Disbursement Request form to acknowledge receipt, approve payment and authorize the accounts to be charged.
  - The Disbursement Request form is preprinted with a document control number. The document control number is a key reference for inquiry into the status of the Disbursement Request.



# Invoice for purchase exempt from University Purchasing Policy

- University Unit / Dept.:
  - Obtain additional approvals required by your school or college.
  - Staple the original invoice, including all pages of an itemized bill to the Disbursement Request form. Route the form to one of the following departments:

# Route the Disbursement Request to the following:

## FUND:

- Unrestricted
- General Ledger
- Restricted -5,-6,-7,-8  
Cumulative total less than  
\$ 1,000.00
- Restricted -5,-6,-7,-8  
Cumulative total equal to  
or greater than \$ 1,000.00

## DEPARTMENT:

Accounts Payable  
Accounts Payable

Accounts Payable

Grant & Contract  
Accounting

# Invoice for purchase exempt from University purchasing policy

- Accounts Payable:
  - Reviews the Disbursement Request for proper documentation, authorization, and expense classification.
  - The web address to view expense object codes:  
<http://www.bu.edu/comp/objectcodes.html>

# What A/P staff look for when reviewing Disbursement Request

- Is this an invoice?
  - Not a statement
  - Not a packing slip
  - Not an order acknowledgment
- Does the invoice reference Boston University?
- Are the details of goods and services provided listed on the invoice?

# What A/P staff look for when reviewing Disbursement Request

- Is this an “altered” invoice?
  - Approved for partial payment? A/P cannot process partial payments or altered invoices.
- Past due balances?
  - Only current charges should be paid
- Is the vendor address complete and legible?

# What A/P staff look for when reviewing Disbursement Request

- Is this 1099 reportable?
  - Is the payee's Taxpayer Identification number provided. We must have an IRS Form W-9 attached to the Disbursement Request or one already on file.
- Is a separate Disbursement Request form provided for each invoice?
- Is the departmental coding complete and correct?

# What A/P staff look for when reviewing Disbursement Request

- Appropriate expense classification?
- Proper authorization?

# Invoice for purchase exempt from University Purchasing Policy

- Accounts Payable:
  - Enter the Disbursement Request in the accounts payable / purchasing system.



When Accounts Payable has processed your Disbursement Request you can view invoice status with:

- GALAXY APPO inquiry functions
- Invoice Display on the Business Link

# Invoice for purchase exempt from University Purchasing Policy

- Payment is scheduled according to vendor terms. The University assumes terms of net thirty (30) days from the invoice date if no terms are stated on the invoice.
- When the invoice is approved the University liability will be recognized and the expense will be charged to the account indicated on the Disbursement Request.

# Invoice for purchase exempt from University Purchasing Policy

- In order to maintain reliable financial records and a productive relationship with the University's vendors, it is imperative that approved invoices be forwarded to Accounts Payable promptly.
- Vendor invoices should be received by Accounts Payable within 10 business days from the date of invoice.

# Disbursement Request form common problems

- A separate Disbursement Request form must be provided for each invoice.
- Only original invoices will be acceptable for payment. No statements, packing slips, file copies, etc.
- Proper authorization. Time is lost if Accounts Payable must reroute for approval.

# Disbursement Request form common problems

- Invoices must name Boston University and must provide detail of what goods and services were provided.
- If an invoice is lost a duplicate invoice should be obtained from the vendor by the ordering department.
- Accounts Payable cannot process partial payments or altered invoices. If the vendor has billed you incorrectly, please request a corrected invoice. If a credit is due, please request a credit memo from the vendor.

# Disbursement Request form common problems

- Proper supporting documentation must always be attached.
- Reimbursements cannot be authorized by the payee. All reimbursements must be signed by the payee's supervisor or the person at the next higher level of authority.

# Disbursement Request form

- If an attachment is to be sent with the payment (i.e. dues, registrations, subscriptions) staple the original remittance enclosure and a copy of the enclosure to the back of the Disbursement Request form.
- Interdepartmental mail items must have an interdepartmental mail address on the Disbursement Request form.
- Hold for pick up items must be followed up by the requesting department.

# Contracted Service Payments

- When payments are made to individuals a determination must be made by the Comptroller's Office as to whether or not an employer-employee relationship exists between Boston University and the individual rendering the services.



# Employer-Employee Relationship

- The IRS normally applies common law rules. Based on these rules an individual is an employee if you have the right to *direct and control* the work the individual performs.

# Independent Contractor

- Offer their services to the general public
- Ability to hire, supervise and pay assistants
- Can set own hours
- Is paid by the job or straight commission
- Has significant investment in facilities
- Has economic risk

# Employee

- Must comply with instructions about when, where, and how to work
- Usually works on premises of employer
- Can be terminated by employer
- Has set hours of work
- Has the right to quit without incurring any liability

# To help determine if an individual is an independent contractor

- A description of duties of the individual is required. Generally, if the duties being performed are closely related to those of some employees of Boston University, the individual is probably an employee.

# Contracted Service Payments

- A description of where the work is performed and why.
- If office space is provided by Boston University it is an indication that the individual is an employee. It does not necessarily follow that the individual is an independent contractor simply because work is not performed at Boston University.

# Contracted Service Payments

- An original invoice must be obtained. The invoice must give an explanation of what services were performed and the time period covered. “Services provided” or “services rendered” is *not* an acceptable explanation.
- We must have an IRS Form W-9 attached to the Disbursement Request or one already on file.

# Honoraria Object Code 0927

- Honorarium payments are for guest lecturers who are invited to address a class, participate in a presentation, or provide a public lecture on a one-time basis. These individuals should have no responsibility for grading or taking class attendance.

# Honoraria

- If the recipient of the honorarium is a foreign national, the payment must be made by the Payroll Office.
- If the recipient of the honorarium is a U.S. resident, or a nonresident alien performing service outside of the United States the payment is made by Accounts Payable.



# Honoraria

- Payments over the maximum IRS limit will be reported as taxable income on Form-1099 MISC.
- When receipts are not included for travel expenses related to the honorarium, the travel expenses will be charged to object code 0927.

# Honoraria

Is the recipient a Boston University employee?

If yes, process through the Payroll Office

Is the recipient a nonresident alien performing services in the United States?

If yes, process through the Payroll Office

# Honoraria: Disbursement Request form must include the following:

If the payment is to a nonresident alien performing service outside of the United States the Disbursement Request form must indicate:

1. Service performed by foreign national
2. What service was performed
3. Indicate the country in which the service was performed

# Honoraria: Disbursement Request form must include:

- Name of speaker / presenter
- Permanent or business address of the payee
- Taxpayer identification number
- Date of presentation
- Title of presentation
- Host: class / department / program

# Allowable / Unallowable for Facilities and Administrative Cost Recovery

The revision to Office of Management and Budget Circular A-21, dated October 3, 1991, specified certain costs that are unallowable as either direct or indirect charges to federally sponsored projects.

For a complete discussion of this topic visit:

<http://www.bu.edu/comp/appendix.html>

# Allowable / Unallowable

- A one character flag “A” for allowable “U” for unallowable has been added to the end of the accounting control key to identify and account for allowable costs and unallowable costs. These costs may be appropriate and allowable for university expenditure but unallowable for facilities & administrative recovery.

# The following costs are generally Unallowable for Federal Reimbursement

- Advertising and Public Relations
- Alcohol
- Alumni Activities
- Commencement and Convocation Costs
- Donations and Contributions
- Entertainment

# The following costs are generally Unallowable for Federal Reimbursement

- Goods or Services for Personal Use (flowers, coffee, water service)
- Fines and Penalties
- Limousines
- Memberships, Social and Civil
- Airfare in excess of lowest available commercial discount airfare



# Accounts Payable GALAXY Permits:

Permit

APPO

Permit

QRA1

With Permit APPO you can access the following functions:

AP02          Invoice Display

AP03          Invoice List

AP04          Vendor Display

With Permit QRA1 you can access the following functions:

- AP41: R/A At/Under Threshold by Stat/Dt
- AP43: R/A by Unit/Dept
- AP92: AP02 with R/A Signature Display
- AP93: AP03 with R/A Signature Display

# Electronic Receipt Acknowledgment Approval

To request access have your D.S.A. :

- Send E-mail to [apcrc@bu.edu](mailto:apcrc@bu.edu) to request signoff authority. The request must include the range of values for signoff and the UIS business function ids for primary and secondary authorized signer.
- Request Permit **QRA1** for the primary and secondary authorized signers.

# Invoice Display on the Business Link

- To access, log on to the Business Link.
- Select **Accounts Payable** from the Business Link menu.
- Click on the tab “**Find an Invoice**”.
  - You can search for an invoice by Document Control Number, Unit Department Source, or by Invoice Number.

