



POLICIES

Effective Date: July 1, 2003

Interim Date: July 21, 2015

Revised: July 1, 2015

Approved by: James E. K. Hildreth, Ph.D., M.D.
President and Chief Executive Officer

Subject: Division of Finance - Policy on Controller's Office on Accounts Payable

PURPOSE:

The purpose of this policy is to provide guidelines for the processing of approved invoices for payment of goods and services from internal and external suppliers within compliance with College and external rules and regulations.

POLICY STATEMENT:

All payments for goods and services will be processed in accordance with sound internal control, based on vendor invoice matched to receiving documents or verification of completion and purchase order that permits recording of expenditures in the general ledger and allows for appropriate scheduling of payments. The President or Senior Vice President for Finance must approve any exceptions.

DEFINITIONS:

Vendor: Individuals or companies from whom the College purchases goods and services.

Invoice: Bill for payments.

Packing slip: List of shipped items that accompany the delivery of goods.

PROCEDURE:

Accounts Payable generates payments to vendors and individuals in response to the following approved documents: Purchase Order or Request for Disbursement.

Purchase Order

Once a Purchase Order (PO) is completed by purchasing department, the



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purchase order is available for viewing by the requestor and other finance offices.

Once the merchandise has been received, Central Receiving completes a receipt of delivery in Banner.

The vendors are instructed to mail all invoices directly to Accounts Payable. Invoices received directly by the department and requester should be forwarded immediately to Accounts Payable.

Invoices should be recorded in the appropriate accounting period and should not be held by departments. **Delays in forwarding invoices to Accounts Payable delays vendor payments.**

Invoices received by Accounts Payable will be matched to the receiving documents. **Accounts Payable cannot pay invoices unless they receive the appropriate receiving documents.**

It is recommended that payment be made from original receipts and invoices. However, advancements in technology, including the use of email and fax machines has changed the requirement of always having original receipts and invoices. Banner will not pay an invoice twice as long as the vendor invoice is keyed into Banner.

When a Requisition is completed in Banner, the departmental funds are automatically "encumbered", which means they are committed or reserved against the budget. The encumbrance will automatically be removed when the invoice is paid. However, if the invoice is less than the Purchase order the unused portion of the funds will remain encumbered until such time that Purchasing is notified to de-encumber or by June 30th of the fiscal year. Removal of encumbrances for grant related funds could vary depending upon grant award period and grant ending dates, which often do not coincide with the fiscal year end of the Institution.

Meharry Medical College pays vendors on terms of net 30. This means that vendors will be paid within thirty days of the invoice date if we have verified merchandise receipt with Central Receiving or services have been verified as complete.

Request for Disbursement



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The Request for Disbursements (RFD) Form can be utilized as a check request for all payments, where a Purchase Order is not required. Purchase Orders are not required to pay the following:

American Express
Membership Dues
Subscriptions
Conference Registrations
Petty Cash Reimbursements
Out of Pocket Reimbursements
Stipends
Travel

In order to process these invoices more efficiently and timely, the following instructions should be noted:

- Use the RFD to process payments
- Type full address of payee (Vendors and employees)
- Indicate the complete FOAPAL
- Attach original invoice to requisition (statements cannot be used for original invoices)
- Obtain all appropriate approval signatures
- Include original receipts as supporting documentation for out of pocket expenses.

Conferences and dues - Requests must include the completed original conference or dues form. A copy should be attached for supporting documentation in the Accounts Payable file. The original along with the check will be mailed directly to the vendor.

Stipends - Description must include date of first and last payment, number of payments, total cost, and permanent address of student.

Out of Pocket Expense - Where reimbursement for out of pocket business expenses are to be paid to an individual, an approval signature should be obtained from a person authorized to review and approve expense transactions for the department, school, college or division.



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Contractual Services - Professional Services Payment to an Individual - Payments are made to consultants and others from approved Consultant Contract and approved Purchase Orders. Consultants are not paid automatically. An approved consultant invoice must be submitted at month end following services to initiate payment. Your approval indicates that consultant performed the duties according to the contract. Payments are made no later than 10 working days following the receipt of invoices.

Petty Cash Reimbursements - Payments to reimburse Petty Cash accounts are made from approved Petty Cash Reimbursement forms with supporting vouchers

Payment Turnaround Responsibility: Meharry Medical College strives to pay all vendors within 30 days of the invoice date. To help ensure timely payment, if departments receive invoices and/or goods, the department should forward the invoice and packing slips to Accounts Payable immediately.

Check Frequency:

Checks for payment are submitted to the Treasurer's office for distribution on Tuesdays and Thursdays of each week.

Vendor Inquiries:

The Accounts Payable Department will answer inquiries from vendors regarding the status of delinquent invoices. Accounts Payable will serve as a liaison when necessary between the Institution and the vendor.

Meharry Medical College must strive to maintain and promote a satisfactory credit standing with suppliers. Prompt payment of invoices and responses to inquiries is necessary in order to achieve this goal.

General Information: The Accounts Payable Department strives to ensure the expedient processing of all payables for the Institution and to provide quality customer service to both MMC departments and vendors. The Accounts Payable office is under the Controller's office.

Accounts Payable is located in the Basement, LRC Building. Faxes can be forwarded to Accounts Payable at 615-327-5905. Inquiries about payment status of invoices should be directed to the Accounts Payables staff at 615-327-6222.

SANCTIONS: Failure to comply with this policy may result in disciplinary actions as set forth in College policies and procedures.



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REFERENCES:

- Travel Policy
- Entertainment Policy
- Use of College Credit Card Policy
- Meharry Purchasing Manual