

Section I Accounts Payable

NDSU Policy 506

Only valid and authorized expenditures and payables are to be recorded and paid. Accounting procedures will be implemented under the direction of the Accounting Office to ensure the accuracy of amounts, coding of general ledger accounts, appropriate timing of payments, and compliance with applicable laws, regulations and policies.

Department Guidelines

1. Check disbursement procedures

NDSU checks are issued and distributed by the Accounting Office daily. When a vendor invoice payment is entered by an NDSU department, using on-line CICS screen AP82, the Accounting Office mails the check to the vendor the next day. When a payment is processed through the Accounting Office, on a receiving report, request for payment, or travel voucher, an NDSU check is mailed from one to three working days following receipt of the proper form in the Accounting Office.

While this schedule is adhered to as often as possible, periods of heavy volume, holidays, etc., as well as other circumstances, could slightly delay payments to vendors. The originating department should consider such factors when requesting payments to vendors or individuals.

Important:

Requests for Payments that are to be expedited should be so noted on the form and must be received in the Accounting Office by 12:00 (noon) to be eligible for the daily check printing run.

2. Direct deposit

Separate forms are available for vendors, employees and students to request direct deposit. These forms may be obtained from the Accounting Office, Business Office, or the Payroll Office. The form should be completed and submitted, with a voided bank check, to the NDSU Accounting Office, Business Office, or the Payroll Office.

Note:

Direct deposit is highly encouraged at NDSU! It saves money and time!

Once the direct deposit authorization is in effect, all payments will automatically be deposited into the bank account designated. At least ten days are needed between the receipt of this form and the effective payment date for this authorization. There is no need to complete a new form, unless the bank account information changes, the account is closed, or the financial institution is changed.

Frequently Asked Questions:

Question: How long does it take for the money to physically get into the employee's or vendor's bank account?

Answer: The money will show up in the employee's or vendor's bank account at the start of business on the second business day after the payment is entered by the University.

Examples are as follows:

- a) If the Payroll Office enters an employee Flexcomp reimbursement on a Monday, the money will be in the employee's bank account at the start of business on Wednesday.
- b) If the Accounting Office enters an employee travel voucher on a Tuesday, the money will be in the employee's bank account at the start of business on Thursday.
- c) If a University department or the Accounting Office enters a vendor invoice on a Wednesday, the money will be in the employee's bank account at the start of business on Friday.

Question: What happens when the bank account is closed?

Answer: This happens most frequently with student accounts. What happens mostly depends upon the bank. In some cases, the bank will reopen the student's account and deposit the money. In most cases, the bank will electronically return the money to NDSU's bank account and notify the NDSU Accounting Office. This will take from one to five days, depending on the bank. When the Accounting Office receives notification that money is returned they will follow-up and get payment to the individual by check, as soon as possible. If the Accounting Office shows a direct deposit was made and the funds have not been returned to NDSU, student's

can contact their bank to follow-up on what the bank did with the money.

3. Prompt payment

The University is required to pay for each acceptable item of property or service on the date required by the vendors. If no date for payment is specified, payment should be made within 45 days after receipt of the invoice. The acquisition of property includes the rental of real or personal property.

Tip:

Examine vendor invoices closely to find out the payment terms. Look for early payment discounts that may be available and try to take advantage of every discount to save money for your department and the university.

Set a goal to never miss an early payment discount and never be late paying a vendor!

A vendor may accrue interest on payments overdue at a rate of one and three-fourths percent per month (compounded) unless a different rate is specified under contract. The University is obligated to pay these finance costs except that such fees may not be paid from federally sponsored projects.

4. Selecting the proper invoice payment method

At NDSU, the procurement method, the type of payee (whether the NAID is a company or individual), and the goods/service acquired all drive the decision on what is the best process for making payment to the customer. The following table is intended to clarify the recommended payment process:

Variable	Prescribed Payment Method	Instructions
Purchase Requisition (PR) is Required	Receiving Report	Section I, part 5
Payment is to an individual	Request for Payment (RFP)	Section I, part 6
Payment is for rents & leases	Request for Payment (RFP)	Section I, part 6
Payment is to a company, no PR or RFP required	Departmental input of vendor invoice	Section I, part 7
Payment is to numerous individuals under same fund & tcc	Multiple disbursement form	Section I, part 8
Payment is to another NDSU department	Interdepartmental Billing (IDB)	Section I, part 9
Reimbursement of employee travel expenses	Travel expense voucher	Section J, parts 1b & 1c
Reimbursement of non-employee travel expenses	Request for Payment (RFP)	Section I, part 6

5. Receiving Report form

When a purchase order is issued as per NDSU Policy Manual Section 404, a receiving report is generated and is to be retained by the department until receipt of the merchandise. The form is used by the receiving agent to enter the date received, quantity and condition of the goods, and authorization for payment.

The original invoice(s) should be attached to the receiving report and forwarded to the Accounting Office for processing. If the original invoice is missing, attached a copy noting the reason the original is not available. When equipment is being purchased (TCC 631, 637, 638), the fixed asset inventory document should be completed by the department and sent along with the receiving report to the Accounting Office.

The original receiving report is printed at the time the purchase order is created. If partial shipments are received, or if partial payments are necessary, the original receiving report can be used for the initial payment. A request for payment form report should be used for receipt of subsequent shipments and payments. The original purchase order number must be referenced. The request for payment form should be identified as either a "partial payment" or "final payment".

The FUND-DEPT-TCC-PROJ-AMOUNT section is computer generated based on the purchase order creation. If the original invoice(s) do not agree to the computer generated account distribution, the receiving report should be adjusted to agree to the invoice(s).

The remittance portion of the invoice, or duplicate invoice, should be attached to the receiving report. This remittance invoice will be sent to the vendor with the check and copy of the receiving report to identify what is being paid.

6. Request for Payment form

Unless a purchase requisition must be used, under NDSU Policy Section 402, generally a request for payment may be used for most payments to individuals or companies.

The request for payment form must be accompanied by the original invoice(s), and/or other documentation, and sent to the Accounting Office for processing.

New Feb 1, 2001:

Effective February 1, 2001, departments have the option to use the four-part paper form (forms available in the Accounting Office), or an Excel spreadsheet is available on the web to download and use as request for payment.

Paper form:

With the four-part paper request for payment form, the Accounting Office needs the white and gold copies (with the original invoices placed in between the white and gold copies). Any remittance stubs that need to be sent with the payment should be placed after the gold copy.

Spreadsheet form:

Due to popular demand, there is now a spreadsheet that is available from the web to download and use as a request for payment form. This Excel spreadsheet can be found under "Request for Payment form" on the forms for departments shown in table at the following web address:

http://www.ndsu.nodak.edu/accounting/csforms/forms_departs.shtml

Under this method the Accounting Office will just need one copy, with the original invoices attached. A department may print an extra copy for their own records.

Important:

When using the Excel spreadsheet as the request for payment, you must use the Reference Number Generator on the Accounting Office web site to generate a reference number and enter on the upper right hand corner of the Excel spreadsheet.

The Reference Number Generator can be found on the Accounting Office's table of forms at:

http://www.ndsu.nodak.edu/accounting/csforms/forms_departs.shtml

The Reference Number Generator advances one digit each time it is accessed and will create a unique reference number for your request for payment form. If more than one reference number is needed (if more than one request for payment form is to be completed), you should click on the BACK button on your browser (Netscape or Internet Explorer) and then click on the appropriate checkbox again to generate another reference number for your next request for payment form.

Detailed instructions for the preparation of the request for payment form are as follows:

- a. Vendor Number – Enter the vendor number by using the NAID vendor book (available in PageCenter) or use CICS screen NA90 and NA75 for on-line access.
- b. Vendor Invoice Number – Record invoice number when paying one invoice only.
- c. Vendor Invoice Date – Record invoice date when paying one invoice only.
- d. Date Goods Received – This date must be filled in for all payments.
- e. Vendor Name and Address – Record the vendor's remit address on the NAID system.
- f. Remit to Address – Special instructions should be entered if payment is to be sent to a different address than that provided in (e) above.
- g. Social security number - Required if payment is being made to an individual. Include the taxpayer identifying number if the payment is subject to 1099 reporting.
- h. Quantity and Unit Price – Use if applicable.
- i. Description – If only one invoice is being paid, give a description of the item(s) or service(s) for which payment is to be made. If more than one invoice is being paid, list

- each invoice number, invoice date, and amount. Also, note an account number, if one exists, for the respective unit.
- j. Amount – This is the net invoice amount after adjustments for discounts, and freight. The total of this column must agree to the charges of the various funds listed.
 - k. Fund-dept-tcc-proj-amount – Enter appropriate information. Only departments with project accounting systems should use the area designated as “proj”. Charges may be divided between two or more funds, with the total charged to all funds equaling the total invoices listed.
 - l. Signature and approval lines - With regards to signatures, payment should include the following:
 - Proper departmental signatures (in ink). Faxed signatures are allowed, however, every effort should be made to obtain original signatures.
 - Signature(s) of an authorized individual from the applicable department(s).
 - Authorized individuals should utilize their own signature, rather than signing another person’s name to a document or using a signature stamp and initialing.
 - When reimbursing someone for expenses incurred, someone other than the person being reimbursed should authorize payment for the department.
 - m. Purchase Order Number – Enter PO # only if form is being used for partial payment.
 - n. PO Date – enter date of purchase order.
 - o. Check No. Date, Audited, Entered – This area is for the Accounting Office use only.

7. Departmental input of vendor invoices

a. Reason for using this method

In an effort to eliminate the need to type a four-part Request For Payment (RFP) form, photocopy and attach invoices to the RFP, and route the RFP to the Accounting Office, mainframe screens (AP82, AP95, and AP88) were developed to give departments the ability to input their own invoices. In addition to the "paper" savings involved in eliminating a four-part form, invoices are paid in a more timely manner allowing NDSU to take better advantage of vendor discounts.

b. Guidelines for using this method

Vendors

Companies vs Individuals

AP82 gives departments the ability to pay companies. Payments to individuals cannot be made using this screen. Individuals will continue to be paid via a Request for Payment form or travel voucher.

NAID (Identification) Number

AP82 requires that you use the complete NAID number; including the check digit. If you are unable to locate the vendor's NAID number in your vendor book or on NA90, please fax the invoice to the Accounting Office (231-6194) and a NAID number will be created for the company you are paying. The Accounting Office will then fax the new NAID number back to you for minimal delay in paying the invoice.

Tax Identification Number (TIN)

Sometimes the AP82 screen will come up with a prompt: "Taxpayer ID# required for 1099 Reporting". When this occurs, you should fax a copy of the invoice to Renee in the Accounting Office at 231-6194. She will then contact the vendor and obtain their TIN. This step is very important because the IRS penalizes NDSU whenever a TIN is not included on the year-end 1099 form.

Vendor remittance information

Since the only information the vendor receives is the check stub or remittance advice, it is necessary for the department to input as much information as possible on those documents by completing all the pertinent fields on the AP82 screen. (The Accounting Office recognizes that there are times when something has to be returned to the vendor with the check (ie: US West remittance advice). Since the checks are mailed to the vendor directly from the Accounting Office, you will need to bring (or fax) that information over to Lori in our office when this situation occurs. As an alternative, you may want to fax the information directly to the vendor stating that the check will be mailed the following day.)

Purchasing Rules

Although the processing of vendor payments is decentralized with this new screen, policies of the Office of Purchasing all still apply. The purchasing policies are located in Chapter 4 of the NDSU Policy Manual. If expenditures meet certain criteria, set forth in the policy, the purchase requisition process must be used.

Guidelines for Using Transaction Classification Codes (TCCs)

NDSU uses Transaction Classification Codes (TCCs) established by the North Dakota University System to code all financial transactions. The Accounting Office has developed guidelines for TCC usage to assist departments in selecting a TCC to be used when making a payment. The guidelines may also be helpful in interpreting accounting reports and are used by the Accounting Office to audit departmental disbursements. This TCC Guideline is available at:

<http://www.ndsu.nodak.edu/accounting/tcc/index.shtml>

or through the Accounting Office by calling Dorothy at 231-7433.

There are certain TCC's that have not been activated for departmental use (ie: equipment TCC). To use those TCC's, you must type a Request for Payment and submit to the Accounting Office for payment. When paying a restaurant, etc., for Banquets and Meetings, it is still necessary for you to complete the Banquets and Meetings Form and attach it to your invoice. Remember that it is necessary to always use the appropriate TCC when making a payment. All payments are subject to audit by the Accounting Office and the State Auditor's Office.

a. Instructions for departmental input of vendor invoices

1. Verify the accuracy of each invoice by checking the addition on the invoice.
2. Stamp each invoice with:

I/we acknowledge receipt of these goods &/or services.

NAID # _____
FUND-DEPT-TCC-PROJ _____
APPROVED-DATE _____
REFERENCE# _____
ENTERED-DATE _____

Financial Processing Guidelines for NDSU Departments

Section I Accounts Payable

(This stamp is available for purchase through the Accounting Office by calling Dorothy at 231-7433.)

Fill in the blanks as follows:

NAID #: AP82 requires that you use the complete NAID number; including the check digit. If you are unable to locate the vendor's NAID number in your vendor book or on NA90, please fax the invoice to the Accounting Office (231-6194) and a NAID number will be created for the company you are paying. The Accounting Office will then fax the new NAID number back to you for minimal delay in paying the invoice.

FUND: AP82 requires that you enter a fund, department, and TCC number for each invoice. The project number is optional depending on the fund. *(Project numbers provide departments with a method of accounting for more than one project under the same fund.)* This information may be entered by you or by the individual who approves the invoice payment.

APPROVED: The Accounting Office requires a minimum of two signatures on the invoice; one authorizing payment approval and one indicating who has entered the invoice information into the system. The individual approving the payment should sign his/her initials on this line with the date.

ENTERED: The Accounting Office requires a minimum of two signatures on the invoice; one authorizing payment approval and one indicating who has entered the invoice information into the system. Once the invoice has been entered into the system, the individual who enters the information should sign his/her initials on this line with the date. *(Leave this line blank at this time - see #5 below.)*

REFERENCE: This is the invoice number generated by the system for each invoice as it is entered. *(Leave this line blank at this time - see #5 below.)*

3. Alphabetize the invoices you plan to enter as a batch using AP82.
4. Calculate the batch total (total of all the invoices you will be entering) on an adding machine tape. Initial the tape and write the date on it. *(This tape will be used to verify your session total after you have entered your invoices - see #6 below.)*
5. Sign onto AP82 and enter the information from the first invoice.

NA-ID NUMBER and CHK DGT - this is the vendor's NAID number.

INVOICE NUMBER - enter the number on the invoice - if there is no invoice number enter your department name in this field.

INVOICE DATE - enter the date on the invoice.

TRANSACTION DATE - leave the current date unless it is year-end and you are backdating to a prior fiscal year.

INVOICE AMOUNT - enter the amount of the invoice - do NOT include freight, discounts, or sales tax.

DISCOUNT PERCENTAGE or DISCOUNT AMOUNT - enter the discount - if there is no discount, leave this field blank.

FREIGHT AMOUNT - enter the freight - if there is no freight charge, leave this field blank.

PAYMENT DESCRIPTION - describe what has been purchased.

CUSTOMER NUMBER - this is the department's customer number with the vendor - if there is no number, enter your department name in this field.

CREDIT MEMO NUMBER - if you also have a credit memo with this same vendor, enter the invoice number in this field.

CREDIT AMOUNT - enter the amount on the credit memo.

DEPARTMENTAL-PO / REF NBR - there are two fields for this entry. This is only to be used by the Library, Food Service, and Bookstore.

FUND - enter your fund number.

DEPT - enter your department number.

TCC - enter the transaction classification code you will be using for this purchase.

PROJ - if you use project accounting, enter the project number in this field.

EXPENDITURE AMOUNT - enter the invoice amount plus freight less discounts and sales tax.

CREDIT AMOUNT - enter the amount from your credit memo, is applicable.

After entering the invoice, you will see a system-generated invoice number. Write that number on the line entitled: "REFERENCE". Initial and date the line entitled: "ENTERED". (After the first invoice, you will see a session number at the bottom of the screen. Write that number on your adding machine tape.)

6. After entering all invoices for a given day, go to AP95 to verify your input. The first screen will show your operator identification (your UserId) and the session number. This number should agree with the number you recorded on your adding machine tape in #5 above. Press "ENTER"; the next screen shows the total amount of invoices entered and must agree with the total on your adding machine tape; calculated in #4 above.

At the bottom of the AP95 screen are three letters: I - Inquire, C - Close, R - Return to Menu. The systems defaults to I, so press "ENTER" again and you will get to the detail page. *If you need to page forward to another detail page press the "F1" key.* If the detail page total agrees with the total on your adding machine tape, print the detail page(s) and staple the adding machine tape to the front of it. Keep this information in a file for future audit reference. After inputting all your invoices and verifying that everything is correct, go back to AP95 and change the "I" to a "C" and close the session by pressing "ENTER".

If your totals do not agree you can make changes to your session batch using AP88. First check the AP95 detail screen against the vendor invoices to determine which invoice was not entered correctly. Then change to AP88 and enter the system-generated reference number of the incorrect invoice, tab to the incorrect area, change the

information previously entered, and press "ENTER". Then repeat step #6 to verify the accuracy of your input.

7. Prior to the nightly check run, you can delete a payment you entered that day by entering an "X" in the "DELETE INVOICE PAYMENT" field on the AP88 screen; just above the funding information. To be sure that the invoice has been deleted, check the "STATUS" field of the invoice on the AP90 screen - the field should indicate "deleted".

After the nightly check run, an invoice payment cannot be deleted. The Accounting Office deals with the voiding of the check or with a journal entry to reverse the payment. If you become aware of your error early the next morning, contact the Accounting Office at 231-7432 since they may be able to pull the check before it is sent to the vendor.

Record Retention: It is necessary for you to keep these invoices filed. When it comes time for the auditors to come you will be responsible for pulling the invoices that the auditor's request. According to the official retention policy (NDSU Policy 713), departments must retain these invoices for a total of four years.

If you have any questions, please contact the Accounting Office at 231-7432. Departmental instructions and definitions are also available on our web site at

<http://www.ndsu.nodak.edu/accounting/>.

8. Multiple Disbursement form

Rather than generating a number of request for payments with the same information (except name, address and amount), a multiple disbursement form is available to more efficiently process payments.

Instructions for completing the form:

- A request for payment form must be attached to the front of the multiple disbursement form for processing.
- Up to 20 individual disbursements can be listed on one form.
- The form can only be used when a single fund, dept, tcc, and project are to be charged.
- *(Frequently, the nature of the expense does not provide an invoice or other supporting documentation.)*

- Amounts should be totaled and listed on the multiple disbursement form and the total listed on the request for payment form.
- ***Social security numbers are required on the multiple disbursement form.***
- The reference number is to be filled in by the department.
- Names and addresses must be listed in alphabetical order.
- Forms are available on the web at:

http://www.ndsu.nodak.edu/accounting/csforms/forms_departs.shtml

9. Interdepartmental Billings

NDSU's interdepartmental billing processes should be used between University departments when the originating department needs to bill the receiving department for services or supplies provided. Processes are comprised of either a paper form or electronic billings.

a. Forms

New Feb 1, 2001:

Effective February 1, 2001, departments have the option to use the four-part paper form (forms available in the Accounting Office), or an Excel spreadsheet is available on the web to download and use as an Interdepartmental Billing form.

Paper form:

The originating department completes the bottom portion of the form and sends the original form and invoices to the receiving department - retaining the blue copy of the form for their records. The receiving department completes and forwards the original billing form and original invoices to the Accounting Office for processing - retaining the yellow copy of the form for their records.

Spreadsheet form:

Due to popular demand, there is now a spreadsheet that is available from the web to download and use as an Interdepartmental Billing form. This Excel spreadsheet can be found under "Interdepartmental Billing form" on the forms for departments shown in table at the following web address:

http://www.ndsu.nodak.edu/accounting/csforms/forms_departs.shtml

Under this method, the originating department completes its portion of the form, prints it out, signs, attaches supporting invoices, and submits it to the receiving department (i.e., department being billed). The receiving department fills out its portion of the form, signs, and submits it to the Accounting Office. The Accounting Office just needs one copy, with the original invoices attached. The originating and receiving departments may make copies of the original IDB for their own records.

Important:

When using the Excel spreadsheet as the Interdepartmental Billing form, you must use the Reference Number Generator on the Accounting Office web site to generate a reference number and enter on the upper right hand corner of the Excel spreadsheet.

The Reference Number Generator can be found on the Accounting Office's table of forms at:

http://www.ndsu.nodak.edu/accounting/csforms/forms_departs.shtml

The Reference Number Generator advances one digit each time it is accessed and will create a unique reference number for your travel voucher. If more than one reference number is needed (if more than one request for payment form is to be completed), you should click on the BACK button on your browser (Netscape or Internet Explorer) and then click on the appropriate check box again to generate another reference number for your next Interdepartmental Billing form.

The following steps should be followed when completing/processing an Interdepartmental Billing form:

- The originating department should complete the Interdepartmental Billing Form.
- All authorized signatures should be obtained. The department to be charged should also sign the document. Authorized individuals should utilize their own signatures, rather than signing another person's name to the Interdepartmental Billing or using a signature stamp and initialing. Faxed signatures are also accepted, however, every effort should be made to obtain the original signatures required.

- The fund and department numbers, appropriate TCCs and appropriate project numbers should be utilized. If you have questions regarding the proper TCC to use, contact the Accounting Office or refer to the Guidelines for using TCCs at NDSU.
- Debit and credit amounts on the form should be equal.
- Sufficient funds should be available in the fund to cover the expenditure.
- Compliance with all university policies pertaining to expenditures of funds should be followed.
- When the sale of equipment is processed with a cost or capitalized value of \$750.00, or greater, the receiving department should attach an inventory document to the interdepartmental billing form and forward it to the Accounting Office. The Accounting Office will update the fixed asset records and return the inventory document to the receiving department.
- Paper forms can be obtained from the Accounting Office.

b. Electronic billings

1. Who uses these systems?

Departments and funds that are authorized to act as Internal Service Funds because of the high volume of interdepartmental sales, may use the job billing systems to electronically bill their customer departments for goods and/or services.

At NDSU, the following Internal Service Funds use the job billing systems to bill university departments:

- Agricultural Communications
- Central Stores
- Dining Services
- Document Publishing
- Garage
- Mailroom

- Motor Pool
- Telecommunications

Departments using the job billing system for billing customer departments accumulate and process a monthly billing. ***Billing schedules currently vary somewhat, but generally, the billings are processed from three to ten days prior to month-end. These charges are posted using a batch program, so the funds cannot be checked for fund overdrafts.***

2. Department review and redistribution

Departments that are customers of the Internal Service Funds should review the billing information they receive and determine whether the charges to their fund are appropriate. Errors revealed from this review should be brought to the attention of the originating department. In the event a customer desires to change the fund the charges will be billed against, they may do so before month-end using CICS on-line screen JB40.

Instructions for using screen JB40 are as follows:

- Sign-on to JB40 – during the last 3 to 10 days of the month.
- Enter your department # (*Tab past the fund # column to get to the department # column.*)
- You should see a list of charges that will post on the last working day of the month.
- Place an 'X' beside the transaction you want to redistribute and hit the ENTER button.
- Enter the new fund and/or project #.

10. Other Accounts Payable topics

a. Prepaid Expenses

As a sound business practice, goods and services should be received and accepted before payment is made to the supplier. Prepayments are allowed but should be avoided, if possible.

Certain transactions are more applicable to prepayments, such as subscriptions, rents and leases.

If a particular vendor only does business by receiving prepayments, we should make a strong effort to find another vendor. The department will be responsible for their loss if payment is made and the goods/services are not received or acceptable.

b. Banquets & Meeting Expenses

NDSU Policy 170, outlines the rules for paying for meals of staff and guests. These expenses are typically paid via a Request for Payment form. To help provide the proper documentation for these expenses, a special form must be completed and attached to the Request for Payment form. The form is called Banquet and Meeting Documentation form and is available on the web at:

http://www.ndsu.nodak.edu/accounting/csforms/forms_departs.shtml

c. Reimbursement of Moving Expenses

NDSU Policy 171, outlines the rules for reimbursing employee moving expenses. A Moving Expense Documentation form must be completed and attached to the Request for Payment form authorizing employee reimbursement. This form is available on the web at:

http://www.ndsu.nodak.edu/accounting/csforms/forms_departs.shtml

Tip:

This documentation form has further detailed instruction that can be very helpful.

d. Foreign Bank Drafts

A special web interactive form is available called Request a Payment in Foreign Currency. The form is available on the web at:

http://www.ndsu.nodak.edu/accounting/csforms/forms_departs.shtml

e. Employee purchases

Periodically, an employee will pay for some incidental supplies or materials and will need to be reimbursed. This practice should be

discouraged, as NDSU will lose the sales tax exemption savings and there is potentially a loss of time away from work.

However, if properly approved by the department, and not otherwise outside NDSU policy (e.g., equipment purchases must be processed through the Purchasing Department), the employee may be reimbursed using a Request for Payment form.

f. Employee awards and prizes

According to the Internal Revenue Service, awards to employees are considered taxable wages. Any such payments must be processed through the NDSU Payroll Office.

g. Dues and memberships

Per NDSU Policy 152.2, part 2:

Normally, dues and membership fees are the employee's own personal responsibility. The University may pay organization or institutional fees in professional and service organizations when the membership is regarded, either by the organization or the University, as an institutional membership or is otherwise considered directly beneficial to the University. In such cases, all benefits of membership, such as resource materials, belong to the University. All such funded memberships must be approved by the employee's supervisor who has budgetary responsibility for the unit or division. For the colleges of the University, this shall mean the Dean.

Per NDSU Policy 152.2, part 4:

No other funded memberships are authorized unless specifically approved by a Vice President or the President.

h. Employee vs. Independent Contractor

Workers determined to be NDSU employees must be paid through the NDSU Payroll Office. Workers determined to be independent contractors with NDSU must be paid through the accounts payable process, under direction of the Accounting Office.

If a department has a doubt about the appropriate worker classification, an interactive worksheet is available to complete in

order to get a ruling from the Accounting Office. This interactive web form is available at:

http://www.ndsu.nodak.edu/accounting/csforms/forms_departs.shtml

i. Name and Address (NAIDs)

A vendor number (NA-ID - name and address identification number) should be entered on a request for payment, or travel voucher. The vendor number is used to identify the individual or organization being paid.

Departments can use either an on-line CICS screen, NA90, to find the correct vendor number, or they can use the vendor book available in the PageCenter mailbox called NDSPUBLIC. With the vendor book in PageCenter, departments can use PageCenter's search feature to quickly get to the correct NAID.

For accounts payable purposes, the remit address is the most important address as this is where the accounts payable checks or direct deposit stub is mailed.

j. Donations

According to Article X, Section 18, of the State of North Dakota Constitution, it is unlawful for the state to "make donations to or in aid of any individual, association or corporation except for reasonable support of the poor, nor subscribe to or become the owner of capital stock in any association or corporation."

1. NDSU cannot donate money to a charity or other individual or association, regardless of funding source. Payments made to an individual or association should be for the fair value of goods received or services rendered.
2. Some activities and expenses involving donations are more appropriately sponsored and paid for by the NDSU Development Foundation.

k. Promotional Expenses

Promotional expenses must withstand the test of public scrutiny. Payments that are made for promotional purposes to external customers, and properly documented, are allowable university expenses. Examples include: cards, flowers, candy, and other

small gifts (mugs, clothing, blankets), sponsorship or an event or activity.

1. The recipient of the promotional item must be an external party to NDSU who is a past, current, or prospective customer. External parties include students (including student employees), businesses, and other outside organizations.
2. Current NDSU employees (including terminating or retiring employees) or departments must be considered internal parties. Promotional expenses directed to benefit internal parties are not allowable, regardless of funding source.
 - a. Personal gifts to employees, or the employee's immediate family, must not be charged to university funds. A gift in lieu of additional compensation is not allowable, regardless of funding source. Examples include: candy, flowers, clothes (not including required uniforms), mugs, tickets, gift certificates, cash or checks.
 - b. Payment of an employee's required university fees is not allowable, regardless of funding source. Examples include: ID card or parking permit.
 - c. Promotional items received by employees that are clearly intended for the benefit external parties, are allowable.
 - d. An exception to this policy is made in cases of the employee length of service award and retirement awards. (See web site at:
<http://www.state.nd.us/cpers/HR/Docs/rules/srvcawards.html>.)
3. The promotional expense must support the mission and purpose of the University. This is a key point that distinguishes a promotional expense from a donation. A donation does not further the mission or purpose of the university.
4. University officials must exercise prudent judgement, common sense, and restraint when determining whether an expense is appropriate.
5. The reason for purchasing promotional items must be well documented. The explanation must include a description of what is being purchased (if that is not apparent from the invoice), the intended recipient, and reason for the purchase.

I. Work Environment Expenses

Expenses incurred that create a positive physical work environment for university employees are allowable. University officials must exercise prudent judgement, common sense, and restraint with these purchases. However, expenses that benefit employees individually are considered personal expenses and are unallowable.

Allowable:

- Small appliances that are available to all of a department's employees are allowable, such as: coffee pots, toasters, ice machines, water coolers, microwaves, and refrigerators.
- Seasonal or holiday office decorations, wall hangings are allowable.
- First aid kit that is available to all of a department's employees is allowable.
- Required uniforms.

Unallowable:

- Pictures or office decorations for an individual's office or workstation are considered an employee's personal expense and are unallowable, regardless of funding source.
- Food or supplies for regular daily coffee or lunch breaks are unallowable, regardless of funding source. Examples include: coffee, filters, snacks, and donuts.
- Personal hygiene and medical items made available to individual employees are unallowable, regardless of funding source.

m. Disputes

The guidelines noted above relating to: j) Donations, k) promotional expenses, and l) work environment expenses are intended to make available written guidelines to assist departments in distinguishing between allowable and unallowable university expenses. In situations where the Accounting Office disagrees with a department's interpretation that a payment is an allowable expense under this j), k), and l) of these guidelines, the payment will be routed to the appropriate Vice President for approval.

- If the Vice President does not support the purchase, the employee will need to personally fund the expense.

- Some promotional, work environment or morale building expenses may be more appropriately paid for by the NDSU Development Foundation.

11. Internal Control

Accounts payable transactions requires explicit segregation of duties. The recording of assets or expenses, and the related liability, should be recorded by employees who are not involved in the ordering and receiving functions. Many of NDSU's accounts payable transactions are processed and audited centrally through the NDSU Accounting Office. Transactions that are processed only in departments through CICS on-line screens, are subject to random audit sampling by either the NDSU Internal Auditor or the ND State Auditors Office.