Policy Statement

The Accounts Payable Unit of the Controller’s Office will process all payments for the College’s legally incurred, non-payroll obligations of goods and services in accordance with State/Federal laws and regulations as well as other policies and procedures of this institution.

Policy Manager and Responsible Department or Office

A. Controller’s Office

The Controller’s Office staff has the responsibility for making sure that all payments for goods/services of a non-payroll nature comply with State and Federal laws and regulations as well as College policies and procedures. This Office ensures those expenditures are tracked and properly accounted for and that the College maintains a favorable credit rating through the timely payment of invoices.

B. Members of Boards, Committees, and Departmental Staff

The members of the Board of Trustees and committees as well as departmental staff have the responsibility for ensuring that they follow the guidelines when requesting payments for per diem. They must provide the Controller’s Office with accurate and complete documentation, completed forms, justifications/explanations needed for making payments.

C. Vendors/Payees

The vendor/payees must provide the Controller’s Office with valid invoices that adequately describe the vendors’ names, addresses, itemized descriptions of goods/services, terms, etc. as well as Internal Revenue Service Forms W-9 evidencing their business type (corporation, sole-proprietorship, partnership, etc.) and tax identification numbers.
Purpose/Reason for the Policy

The purpose of this policy is to ensure that all funds are being correctly administered by the College of Charleston.

Departments/Offices Affected by the Policy

This policy affects all of the departments and offices of the College of Charleston.

Procedures Related to the Policy

Regular Disbursements

I. General Requirements

A. Timeliness of Payments

The College has established general invoice processing timeframes -- five to seven days – appropriate (e.g. for credit ratings, customer demands, etc.) to its environment and more expeditious than the State mandates provided all required documentation accompanies the invoice. However, for interest and penalty purposes, State law allows for the payment of all invoices for goods and services within 30 workdays from the satisfactory receipt of the goods and/or services or a valid invoice, whichever is later. Interest not to exceed the annual rate allowed by the State will be levied against the College for the unpaid balance beginning on the thirty-first (31st) workday. This rule does not apply to reimbursements to State employees and payments to State agencies. See also Section IX. Interest Expense.

B. Types of Payments:

The Controller’s Office - Accounts Payable Unit primarily processes four types of orders for payment: purchase order, expense authorization, travel authorization and inter-(intra-) departmental transfer. In addition, student refunds are processed as direct feeds from the Student Information System.
1. **Purchase Orders** are issued by the Purchasing Office and result in automatic feeds to the accounts payable system. Once an invoice is received, all items on the invoice are verified for validity to the purchase order. If differences exceed the allowable limits, a buyer approval is required from the Purchasing Office.

   a. Invoices with Regular Purchase Orders:

      1) An approved Purchase Order (See the Purchasing Procedures).

      2) An original, valid invoice. A valid invoice lists the vendor’s name and address as well as the date(s) of service/shipment, itemized description(s) of good/services, and amount(s).

      3) A receiving report or documentation with an authorized signature verifying receipt.

      4) Vendor’s Federal Identification Number (See related policy on Tax Payer Identification Number).

   b. Invoices with Blanket Purchase Agreements/Orders

      These type orders require the same information as above except there may be no specified dollar limits, and they require payment authorization by the department.

2. Expense Authorizations (EA’s) approve purchases exempt from the State Procurement Code. They allow processing direct payments to vendors and are sent straight to Accounts Payable, as opposed to Purchasing. Many direct purchases of this nature may be paid with the procurement card. Please check the College’s Procurement website at [http://spinner.cofc.edu/~procure/?referrer=webcluster&](http://spinner.cofc.edu/~procure/?referrer=webcluster&).

   a. All direct payments are subject to Accounts Payable policies and must be submitted with proper documentation.

   b. EA’s sent to Accounts Payable which do not fall clearly under these direct payment guidelines will be sent to Purchasing for review by a buyer. If after review, the buyer determines the EA can be paid directly, the buyer will indicate this on the EA, initial and forward the EA to Accounts Payable for processing.

   c. The following is a list of direct payment categories.

      1) Books (The transaction can also be charged on a departmental purchasing card).

      2) Dues – Memberships.
3) Petty Cash Establishment/Replenishment.

4) Employee recruitment (e.g. expenses for lodging directly billed to the College).

5) Registrations for seminars, conferences, etc. Vendor registration forms must be filled out and all attendees must be listed. In addition, EA’s covering more than one employee’s registration must include a separate listing of the name, social security number and fee amount for each person.

6) Honorariums, Speaker/Lecturer Fees and Other Personal Services – Compensation given to individuals who are not employees of CofC or the State.

   a) Requirements:

      i. A contract (the Educational Related Professional Services on a Fee Basis) must be signed by the individual and the appropriate CofC official(s). In addition, the payee must provide a valid invoice.

      ii. Payments to foreign national are subject to special Federal tax and immigration laws. (See Non-resident Alien Questionnaire and Policy).

      iii. Occasionally circumstances require that a guest speaker or entertainer receive a payment on the day his/her appearance. The prepayment request must be received by the Accounts Payable Office at least 15 business days in advance to when the check is required. Payment requests for non-resident aliens require at least 45 business days in advance receipt by Accounts Payable.

      iv. Proposed “CONTRACTS” with a fee less than $2,500 require approval of the department chair person/head and execution of the official “OFFER” by the appropriate fund manager. Proposed “CONTRACTS” with a fee greater than $2,500 require the same approval signature, but the official “OFFER” can ONLY BE EXECUTED BY THE EXECUTIVE/SENIOR VICE PRESIDENT FOR BUSINESS AFFAIRS. Route all requests greater than $2,500 through the Procurement Office for purchase method determination.
b) All payments for compensation for employment services performed by students, faculty, and staff as well as employees of other State agencies must be paid through the Payroll Office.

7) Sponsorships (See II. Special Items, F. of this policy).

8) Stipend, prize or award payments are permissible providing they do not constitute compensation for the performance of services by an individual deemed an employee of the College or the State or a qualified scholarship or fellowship to a student. (See the Controller’s Office website for its policy on Scholarships, Fellowships, Stipends, Prizes, and Awards).

9) The use of gift certificates or gift cards is prohibited.

10) Subscriptions – books and journals must have forms completed and attached to the EA.

11) Employee Benefit Payments (e.g. deferred compensation and other individual retirement plans as well as insurance coverage).

12) Other – These transactions (e.g. fees for medical services) must be deemed appropriate by the Controller or a designee of the Controller’s Office as well as the Procurement Director or designee.

3. Travel Authorizations, Advances, and Reimbursement Requests (See the College’s Travel Policy at:

   http://controller.cofc.edu/policies-and-procedures/index.php

4. Student Refunds (See Student Refund policy).

II. Special Items

A. Petty Cash Fund

1. **Purpose** - The College allows the establishment of a petty cash fund to handle emergency small dollar purchases or small dollar purchases which must be paid for immediately and cannot be purchased using a procurement card. A petty cash fund cannot be used when it is possible to arrange for the College to be billed for the purchase and the item paid for through normal channels utilizing the Controller’s and Procurement’s Offices established procedures. College employees are encouraged to arrange for bills to be submitted to the College for payment. Reimbursement to a College employee for items purchased for College use should be a rare occurrence.
2. **Approval Process** - The Controller’s Office must seek the approval of the State Auditor and the Internal Auditor to establish a petty cash fund. (Please see the Petty Cash Policy and Procedure at [http://controller.cofc.edu/](http://controller.cofc.edu/).) If approval is received to establish a petty cash fund or to increase the amount of an existing fund, the department must prepare an expense authorization to transfer the funds. Use object code 11XX (Petty Cash) and attach a copy of the letter of approval to the expense authorization.

3. Other Usage - The petty cash fund may be used to purchase coffee and donuts for volunteer workers and students but not for State including COFC employees.

4. Reimbursement - Expense Authorizations submitted for replenishments to petty cash funds must show the appropriate departmental account codes for each type of item purchased. Documentation such as sales tickets and/or paid invoices describing items purchased must be attached. Requests for reimbursement are held to the same processing time of **5 to 7 workdays**.

B. President’s Business Expenses

1. Expenses – President of the College

   The President of the College cannot receive a fixed allowance for personal expenses incurred in connection with the performance of his official duties. Reimbursements may be made to the President from funds available to this institution for any such personal expenses incurred provided that all requests for reimbursement are supported by proper documentation and processed through the normal accounting procedures of the College.

2. Required documentation:

   a. The amount and description (i.e. lunch, dinner, etc.) of each separate expenditure must be provided.

   b. The time and place of each expenditure must be provided.

   c. The business purpose of each activity, including a description of any business benefit derived or expected and the nature of any business discussions, must be described.

   d. The business relationship of other individuals must be established by providing names, title, occupations, or other pertinent information sufficient to establish the relationship.

   e. No expenses shall be allowed for perquisites to state employees including COFC faculty and staff, board members, or legislative officials.
C. Alcoholic Beverages and related services

The College prohibits the purchase of any alcoholic beverages with any funds that it administers including those charges listed in the billing of catered meals.

Any money administered by the College and held by the State Treasurer’s Office is considered State/College Funds. The payment of alcoholic beverages and related bar services (setup, bartending, corkage fees, liquor license, etc.) with State Funds or from any College account is strictly prohibited. Invoices reflecting charges for alcoholic beverages and bar services cannot be processed by the Controller’s Office.

D. Membership Dues

1. The College is prohibited (Section 8-11-199 of the SC Code of Laws) from paying or reimbursing professional due payments for individuals to the American Bar Association.

2. Membership in an organization must relate specifically to the job or function of the College.
   a. Individual memberships are allowed only when the organization does not permit a College membership or it is less costly to the College to have an individual membership.
   b. No payment will be allowed for professional licenses or dues required by state regulatory agencies. However, the COFC may use other appropriated funds to pay the cost of mandatory dues owed to the S. C. Bar Association for attorneys it employs.
   c. The department head must be in a position to demonstrate in writing how the membership benefits the College.

E. Functions at Clubs or Organizations which Discriminate

1. The College is prohibited from using its funds to sponsor or defray the cost of any function at a club or organization which does not admit as its member’s persons of all races, religions, colors, sexes, or national origins.

2. No College employee may be reimbursed from public funds for expenses incurred at any club or establishment which does not admit as member’s persons of all races, religions, colors, sexes, or national origin.

3. Any sponsorship paid with College funds requires written documentation that clearly explains the benefits to the College.

F. Out-of-State Promotional Activities
Out-of-state promotional activities require documentation that substantiates the expenses are related to the mission of the College and economic development in South Carolina and may require prior approval of the President of the College. The department head must be in a position to demonstrate in writing how the activity benefits the College.

G. Procurement Approval – Telecommunications

All purchases or changes to purchase orders for telecommunications (e.g. land lines, cell phones, internet services, etc.) require the approval of the Information Technology (IT) and Purchasing Offices of the College of Charleston. No employee of this institution may enter into an agreement or renew an existing agreement for telecommunication services unless approved by the IT and Purchasing Offices. A tolerance level of 10% up to $100 is allowable for changes to the contract. Refer to Section III. Unauthorized Procurements.

H. Automated Information Technology – Procurement and Services

All procurements of automated information technology must be approved by the Information Technology Office. Payments of invoices for these services require an authorized College Purchase Order.

I. Selection of Architect-Engineer, Construction Management and Land Surveying Services

All procurements of architect-engineer, construction management and land surveying services must be approved by the State Engineer's Office in accordance with Sections 11-35-3220 and 11-35-3230 of the Consolidated Procurement Code. A request for payment should be accompanied by either a form SE-220, Professional Services Selection Approval Request, or a form SE-230 Professional Services Selection Approval Request-Small Contracts. Payments of invoices for these type services require an authorized College Purchase Order.

J. Consulting Services

The College may procure consultant services up to its respective certification limits as established by the Budget and Control Board. All contracts require approval of the Purchasing Director or a designee.

1. Any contract for legal or consultant services must provide for the completion of all services.

2. If all services are not fully rendered as provided for in the contract, the contractor must refund any monies which have been paid by the College under the contract along with a twelve (12) percent penalty.
3. Payments of invoices for consulting services require an authorized College Purchase Order.

K. Auditing and Accounting Services

Any contracts for auditing and accounting services require the approval of the State Auditor’s Office prior to awarding such contracts except where specific statutory authority is otherwise provided. Payments of invoices for auditing and accounting services require an authorized College Purchase Order.

L. Legal Fees and Services – General

1. Employment - The State Attorney General must approve the hire including the level of compensation of any classified or temporary attorney as an employee.

2. Contractual Services - Approval in writing by the Attorney General is required prior to engaging any attorney-at-law on a fee basis including approval of such fees. This rule does not apply to the employment of attorneys in special cases in inferior courts where the fee to be paid does not exceed two hundred fifty ($250.00) dollars or exceptions approved by the Budget and Control Board.

3. Approval by the College Legal Counsel or the President is required before contracting with outside legal counsel. Payments of invoices for legal fees and services require an authorized College Purchase Order.

M. Bond (Fidelity) Requirements

The Budget and Control Board may approve blanket bonds for the College including the bond for personnel. However, the form and execution of blanket bonds must be approved by the Attorney General. Payments of invoices for bond coverage require an authorized College Purchase Order.

N. Advertising - Legal Notices

The charges for legal advertisements for notices of sales of real and personal property; to creditors of final settlement by executors; for proposals for works and supplies by the heads of departments or other officials authorized to advertise for competitive bids; and all other advertising whatever done by order of court or by State cannot exceed the local retail display advertising rate shown on the newspaper’s rate card or the rates published in the newspaper, deducting any and all applicable discounts earned by the volume or frequency of the legal advertising.

1. The advertisement shall be set in solid six point type, including the caption and all other parts of the advertisement. Newspapers that do not use six
point type shall receive compensation based on six point measure and any lesser measure shall be charged only at actual space measurement as printed; however, the College when placing advertisements may order larger measure at its discretion.

2. The publication of any of the notices provided for in this section may be let by contract for not more than the price authorized by this section. No publication will be allowed to make any extra charges for affidavit of publication. (Section 15-29-80 of the 1976 Code as amended)

3. Payments of invoices for legal advertisements require an authorized College Purchase Order.

O. Art Objects - Paintings, Antiques and Sculptures

Prior to buying any art objects such as paintings, antiques, sculptures, or similar objects for which the cost is greater than $1,000, the requestor must prepare a written determination specifying the need for such objects and benefits to the College and submit it to the Procurement Director. The South Carolina Arts Commission must approve such determination prior to any acquisition. Payments of invoices for art objects require an authorized College of Charleston Purchase Order.

III. Unauthorized Procurements

Invoices for unauthorized procurements will be rejected for payment and forwarded to the Purchasing Office. Rejected invoices must be supported by ratification of the act by the College’s Purchasing Officer or the President. (Budget and Control Board Regulation 19-445.2015).

IV. Account Codes

Specific account codes such as revenue and expenditure object codes have been established to record precise accounting events. The purpose of the revenue object code is to classify revenue as to nature and source activity and the expenditure object code is to classify expenditures according to types of items purchased or services obtained. Refer to the Controller’s website for a complete listing of the account codes.

V. Credit Cards

The College is not authorized to enter contracts to accept credit cards as payment for goods or services. As mandated under Section 11-5-280 of the Code of Laws of South Carolina 1976, only the State Treasurer may enter into contracts allowing the institution to accept credit cards as payments for goods or services provided.

VI. Leases
A. Lease, Lease/Purchase and Installment Purchase Contracts - Information Technology Equipment

The purchase or lease of information technology equipment, with an annual cost of $10,000 or more requires approval of the State Office of Information Technology Planning-Research and Statistics. The State Treasurer’s Office must approve all lease/purchase and installment purchase agreements greater than $100,000. Payments of invoices for lease agreements of information technology equipment require an authorized College of Charleston Purchase Order.

B. Lease, Lease/Purchase and Installment Purchase Contracts - Personal Property

Within certification limits, the College may enter into lease agreements for personal property provided that lease, lease/purchase, installment purchase, or rental agreements are subject to the same procedures as a normal purchase, including the solicitation of bids. All lease purchase and installment purchase agreements must be approved by the State Treasurer’s Office. Payments of invoices for lease agreements of personal property require an authorized College of Charleston Purchase Order.

C. Lease and/or Rentals of Office Space or Other Property

1. The College may enter a new contract for leased office space or other property only after the lease has been approved by the Budget and Control Board, Division of Operations. It is exempt from the real property leasing procedure requirements for non-state-owned real property: (1) for less than three (3) months in a single fiscal year, or (2) for a total cost of less than $25,000 in a single fiscal year.

2. Upon their approval of the lease agreement, a Lease Payment Authorization form is completed by the Real Property Manager, Budget and Control Board, Division of Operations, and forwarded directly to the Auxiliary Service or Facilities Planning Offices.

   a. Lease payments should be accompanied by invoices from the lessor or a copy of a statement from the lessor stating the fixed amount and the payment frequency for the term of the lease.

   b. If the payee, payment frequency, or payment amount differs from the Lease Payment Authorization, the invoice will be rejected. This rejection rule does not apply to rent escalation and one-time payments. The approved document provided by Real Property Management will be required for these payments.

   c. Payments of invoices for lease agreements of office space or other property require an authorized College of Charleston Purchase Order.
VII. Interest Expense

A. Payment to Vendor Within Thirty (30) Days

The College as a lump sum institution of higher education is responsible for the payment of all goods or services within thirty (30) work days after the acceptance of the goods or services and proper invoice, whichever is received later. It must pay an amount not to exceed fifteen percent per year on any unpaid balance which exceeds the thirty (30) work-day period, if the vendor specifies on the statement or the invoice submitted to such institutions that a late penalty is applicable if not paid within thirty (30) work days after the acceptance of goods or services. (Code of Laws of South Carolina 1976, Section 11-35-45)

B. Certification of Satisfactory Receipt of Goods and Services

The thirty-day period does not begin until the department certifies its satisfaction with the received goods or services and proper invoice.

C. Responsibility of Departments

Late payment charges resulting from the department's failure to provide copies of appropriate documentation shall be passed on to the respective departments.

D. Exemptions

Services for gas, electricity, telephone, water, and sewer services are exempt from the application of late payment charges under Section 11-35-45, and thus, public utilities are permitted to assess late payment charges under their respective tariffs as approved by the Public Service Commission (Pursuant to action of the Budget and Control Board on May 27, 1986). This rule does not apply to reimbursements to State employees and payments to State agencies. In addition, please see R. Capital Improvement Projects, 2. Progress Payments to Contractors under Section II. Special Items for special conditions for construction invoices.

Related Policies, Documents or Forms

S. C. Comptroller General’s Disbursement Regulations

S. C. State Procurement Code

S. C. General Appropriations Act

Review Schedule

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