

COLLEGE of CHARLESTON

OFFICIAL POLICY

2.2.2.1

Regular Disbursements

10/13/2020

Policy Statement

The Accounts Payable (A/P) area of the Controller's Office of the College of Charleston (CofC) will process all payments for the College's legally incurred, non-payroll obligations of goods and services, in accordance with State and Federal laws and regulations, as well as other policies and procedures of the College.

Policy Manager and Responsible Department or Office

A. Controller's Office

The Controller's Office staff has the responsibility for ensuring that all payments for goods and services of a non-payroll nature comply with State and Federal laws and regulations, as well as College policies and procedures.

B. Faculty and Staff

College of Charleston faculty and staff have the responsibility for ensuring that they follow procurement guidelines when requesting goods and services. Faculty and Staff must provide the Controller's Office with accurate and complete documentation, such as completed forms, justifications or explanations needed for making payments, etc. In addition, the faculty and staff must ensure that goods and services are satisfactorily received and that they demonstrate a documented benefit to the College.

C. Vendors and Payees

College of Charleston vendors and payees must provide the Controller's Office with valid invoices that adequately describe the vendors' names, addresses, itemized descriptions of goods and services, terms for payment, etc. as well as properly completed Internal Revenue Service Forms W-9 or W-8 evidencing their business type (corporation, sole-proprietorship, partnership, etc.), domestic or foreign status, and tax identification numbers.

Departments/Offices Affected by the Policy

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

Policy

A. General Requirements

1. 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, and the goods or services have been received in the eProcure system.*** 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.

2. Types of Payments

The Accounts Payable area of the Controller's Office primarily processes four types of orders for payment: purchase order; expense authorization; travel authorization and intradepartmental transfer (IDT's). In addition, student refunds are processed as direct feeds from the Student Information System.

a. Purchase Orders are issued by Procurement and Supply Services and result in automatic feeds to the accounts payable system. Once an invoice is received, all items on the invoice are verified for validity against the purchase order. If differences exceed the allowable limits, a buyer approval is required from Procurement and Supply Services.

1) Invoices with regular purchase orders:

a) An approved Purchase Order (See the Procurement Procedures).

b) 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).

c) A receipt in the eProcure system.

d) Vendor's Federal Identification Number (See related policy on Tax Payer Identification Number).

2) 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.

b. Expense Authorizations (EA's) request payments for purchases exempt from the State Procurement Code. They allow processing direct payments to vendors and are sent straight to Accounts Payable, as opposed to Procurement. Many direct purchases of this nature may be paid with the procurement card (Pcard). Please review Procurement and Supply Services website for additional information.

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

2) EA's sent to Accounts Payable which do not fall clearly under these direct payment guidelines will be sent to Procurement 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.

3) The following is a list of direct payment categories.

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

b) Dues and memberships;

c) Petty cash establishment/replenishment;

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

e) Registrations for seminars, conferences, etc. Vendor registration forms must be filled out completely. A separate EA is required for each employee attending the seminar, conference, etc.;

f) Honorariums, speaker/lecturer fees and other personal services – Compensation given to independent contractors who are not employees of CofC or the State.

i. Requirements

1. The Educational Related Professional Services on a Fee Basis contract must be signed by the individual and the appropriate CofC official(s).
2. Payments to foreign nationals (Nonresident aliens-NRA's) are subject to special Federal tax and immigration laws. (See the "Nonresident Alien Questionnaire", as well as Tax Information related to NRA's on the Controller's website).
3. Occasionally circumstances require that a guest speaker or entertainer receive a payment on the day of his/her appearance. The prepayment request must be received by the Accounts Payable area **at least 15 business days in advance** of when the check is required, to ensure timely processing. Payment requests for **nonresident aliens** (NRA's) must be received **at least 30 business days in advance** of when the check is required.
4. Proposed "**Contracts**" with a fee less than \$5,000 require approval of the department chairperson/head and execution of the official "**Offer**" by the appropriate fund manager. Proposed "**Contracts**" with a fee greater than \$5,000 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 \$5,000 through the Procurement Office for purchase method determination.**

ii. 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 Human Resources/Budgeting and Payroll Services.

g) Sponsorships (See B "Special Items, 5" of this policy).

h) 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 an enrolled student. (See the Controller's Office website for its policy on Scholarships, Fellowships, Stipends, Prizes, and Awards).

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

j) Subscriptions – books and journals must have invoices/order forms completed and attached to the EA. What forms, invoices or something else?

- k) Employee benefit payments (e.g. deferred compensation and other individual retirement plans as well as insurance coverage).
 - l) 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.
- c. Travel Authorizations, Advances, and Reimbursement Requests – See the College's Travel Policy on the Controller's Office website.
- d. Student Refunds (See the Treasurer's Office website).

B. Special Items

1. President's Business Expenses

a. 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.

b. Required documentation

- 1) The amount and description (i.e. lunch, dinner, etc.) of each separate expenditure must be provided.
- 2) The time and place of each expenditure must be provided.
- 3) 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.
- 4) The business relationship of other individuals must be established by providing names, title, occupations, or other pertinent information sufficient to establish the relationship.
- 5) No expenses shall be allowed for perquisites to state employees including CofC faculty and staff, board members, or legislative officials.

2. Alcoholic Beverages and related services

The College prohibits the purchase of any alcoholic beverages, and related bar services, with any funds, regardless of funding source (tuition, grants, agency funds,

etc.) that the college 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 related bar services cannot be processed by the Controller's Office.

3. Membership Dues

- a. The College is prohibited from paying or reimbursing professional dues payments for individuals to the American Bar Association.
- b. Membership in an organization must relate specifically to the job or function of the College.
 - 1) 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.
 - 2) No payment will be allowed for professional licenses or dues required by state regulatory agencies. However, CofC may use other appropriated funds to pay the cost of mandatory dues owed to the South Carolina Bar Association for attorneys it employs.
 - 3) The department head must be in a position to demonstrate in writing how the membership benefits the College.

4. Functions at Clubs or Organizations which discriminate

- a. 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.
- b. 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.
- c. Any sponsorship paid with College funds requires written documentation that clearly explains the benefits to the College.

5. 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.

6. 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 Procurement 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 Procurement Offices. A tolerance level of 10% up to \$100 is allowable for changes to the contract. Refer to Section C. Unauthorized Procurements.

7. Automated Information Technology – Procurement and Services

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

8. 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 the South Carolina Consolidated Procurement Code. A request for payment should be accompanied by either form SE-220, Professional Services Selection Approval Request, or form SE-230 Professional Services Selection Approval Request-Small Contracts. Payments of invoices for these type services require an authorized College Purchase Order.

9. Consulting Services

The College may procure consultant services up to its respective certification limits as established by the South Carolina Department of Administration. All contracts require approval of the Procurement Director or a designee.

- a. Any contract for legal or consultant services must provide for the completion of all services.
- b. 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** percent penalty.
- c. Payments of invoices for consulting services require an authorized College Purchase Order.

10. 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.

11. Legal Fees and Services – General

- a. Employment – The State Attorney General must approve the hire including the level of compensation of any classified or temporary attorney as an employee.
- b. 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 South Carolina Department of Administration.
- c. 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.

12. Bond (Fidelity) Requirements

The South Carolina Department of Administration 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.

13. 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.

- a. 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.

- b. 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.
- c. Payments of invoices for legal advertisements require an authorized College Purchase Order.

14. 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.***

C. Unauthorized procurements

Invoices for unauthorized procurements will be rejected for payment and forwarded to the Procurement Office. Rejected invoices must be supported by ratification of the act by the College's Procurement Officer or the President.

D. Special Items

Specific account codes such as revenue and expenditure accounts have been established to record precise accounting events. The purpose of the revenue account code is to classify revenue as to nature and source activity and the expenditure account code is to classify expenses according to types of items purchased or services obtained.

E. Credit Cards

The College is not authorized to enter contracts to accept credit cards as payment for goods or services. Only the State Treasurer may enter into contracts allowing the college to accept credit cards as payment for goods or services provided.

F. Leases

1. 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.

2. 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.

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

- a. The College may enter a new contract for leased office space or other property only after the lease has been approved by the South Carolina Department of Administration. It is exempt from the real property leasing procedure requirements for non-state-owned real property: (1) for less than three months in a single fiscal year; or (2) for a total cost of less than \$25,000 in a single fiscal year.
- b. Upon their approval of the lease agreement, a Lease Payment Authorization form is completed by the Real Property Manager, South Carolina Department of Administration, and forwarded directly to the Business and Auxiliary Services or Facilities Planning offices.
 - 1) 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.
 - 2) 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.
 - 3) Payments of invoices for lease agreements of office space or other property require an authorized College of Charleston Purchase Order.

G. Interest Expense

1. 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.

2. 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.

3. 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.

4. Exemptions

Services for gas, electricity, telephone, water, and sewer services are exempt from the application of late payment charges, 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 Capital Improvement Projects procedure on the Controller's website.

Related Policies, Documents or Forms

S. C. Code of Laws Sections including, but not limited to:

- 8-11-199 (American Bar Association dues payment or reimbursement);
- 11-5-280 (Acceptance of credit cards by state agencies)
- 11-13-45 (Deposit and handling of federal funds; donations from other sources.);
- 11-35-45 (Payment for goods and services received by State);
- 11-35-3220 (Qualifications based selection procedures);
- 11-35-3230 (Exception for small architect-engineer and land surveying services contract);
- 15-29-80 (Charges for legal advertisements in newspapers)

Budget and Control Board Regulation 19-445.2015 (Ratification)

S. C. General Appropriations Act

S. C. Comptroller General's Disbursement Regulations

S. C. State Procurement Code

--

Related Policies, Documents or Forms

--

Review Schedule

Issue Date: 4/8/2011 Date of Policy Review: 10/13/2020	Next Review Date:10/15/2025
---	------------------------------------

POLICY APPROVAL (For use by the Office of the Board of Trustees or the Office of the President)	
Policy Number: 2.2.2.1 (Regular Disbursements)	
President or Chairman, Board of Trustees	 _____
	Date: <u>10/13/2020</u>