

	AP-101
	Processing Payments
	Prepared By: Accounts Payable
	Approved By: Associate VP Finance & Controller
	Effective Date: 01/01/2019

Purpose

- Safeguard the university's assets by preventing duplicate payments;
- Manage negotiated pricing arrangements
- Process payments in a timely manner to take advantage of earned discounts;
- Comply with escheat laws
- Manage the university's operating cash for maximum benefit.

Policy

Accounts Payable has the sole authority to process payments using the IIT Banner System except for payment made through use of the IIT issued Procurement Card

Definitions

- Encumbered goods and services – items that commit budget funds to specific purchases.
- Unencumbered goods and services – funds that are available to be used for future purchase requirements through the end of the current fiscal year.
- IIT Banner System – the electronic system used for recording all accounting related transactions
- Banner invoice number – a Banner generated reference number assigned to vendor invoices
- Regular Pay – Payments made referencing a Banner generated purchase order
- Direct Pay – Payments made that do not reference a Banner generated purchase order
- Ordering Department's Authorized Approver – the individual authorized to approve the accuracy of a vendor's invoice, receipt of goods and/or services, and payment to the vendor. By policy, this person is not the same as the person requisitioning the goods and/or services.
- Verified copy of a vendor invoice is one that is not an original invoice, but has been verified as unpaid through a review of the vendor records
- Delivery means receipt by the Accounts Payable Department of any document in paper or electronic format and both shall be considered equally acceptable.

Procedures

Processing payments begins with the delivery to the Accounts Payable Department of either an:

- Original vendor invoice
- Verified copy of a vendor invoice;
- Request for Wire Transfer
- IIT Request for Check; or
- IIT Employee Travel and Expense Report.

Upon receipt of these documents, Accounts Payable will process each in the following manner:

Vendor Invoice / Regular Pay / Encumbered Goods and Services

- Examine vendor invoice to identify IIT purchase order number and invoice date
- If there is no IIT purchase order number cited, AP will contact the vendor to identify the ordering party and then will contact that person to get the purchase order number.
- Access IIT purchase order information on the Accounts Payable screens in IIT Banner
- Compare invoice to information listed for the referenced purchase order
- If the information on the invoice accurately corresponds to the IIT purchase order, that information is entered into Banner generating a Banner invoice number and a record of the invoice information
- If the information does not correspond to the IIT purchase order Accounts Payable will notify the ordering party of the need to resolve or accept differences and possibly enter a [Request for Change Order](#) to amend the purchase order.

Request for Check / Direct Pay / Unencumbered Goods and Services

- Accounts Payable will only process an approved (signed) Request for Check that is complete with the supporting documentation (described below)
- The [Request for Check](#) will be examined to identify vendor remittance information, accounts to be charged, authorization signature, supporting paperwork, and compliance with [K.1. Procurement Policy](#).
- Only those with responsibility for managing the account charged on the Request for Check can be authorized to sign.
- Individuals submitting a Request for Check are prohibited from signing their own reimbursement authorization.
- Discrepancies are addressed directly with the individual submitting the Request for Check.
- Accounts Payable enters information into Banner as a Direct Pay and generates a Banner invoice number and records invoice information.
- Original copies of the Request for Check and the supporting paperwork are retained in the Accounts Payable File along with a copy of the resulting IIT check.
- If it is determined that an unencumbered purchase should have been made with a purchase order because the purchase value exceeds the cost threshold on either an individual or multiple invoice basis the Request for Check will be held and the individual who submitted it will be contacted with instructions to access IIT Banner and submit a requisition to generate a confirming purchase order.
- Requests for Check including Illinois Sales Tax will be adjusted by Accounts Payable to remove the tax and an Illinois Tax Exemption certificate will be sent to the vendor.

When submitted to Accounts Payable in paper format, supporting documentation must be attached to the Request for Check and segregated by expense category (small items are to be taped to an 8-1/2 x 11 sheet of paper) . When a Request for Check is submitted in electronic format all supporting documentation must be scanned to accompany or otherwise clearly reference the Request for Check. A Request for Check must include (where applicable):

- Registration form showing fee
- Invoice for membership fees/dues or subscriptions
- Receipts for purchases of \$75 or more
- Contract and/or letter showing requirement for deposit
- W9 form for Honoraria
- Form 8233 for non-resident aliens

Request for Wire Transfer / Direct Pay / Encumbered Goods and Services (Requiring a purchase order)

- Request for Wire Transfer forms shall be completed by departments concurrent with entry of purchase requisitions,
- Purchasing will convert the requisition to a PO following the purchasing procedures,

- The [Request for Wire Transfer](#) referencing a Banner purchase order number will be sent to the Associate Controller.
- The Associate Controller will forward the approved Request for Wire Transfer to the General Accounting Senior Accountant (see AP-107 Wire Transfers)
- The Senior Accountant will process the wire transfer as a direct pay using IIT Banner.
- When processed, the Senior Accountant will contact Purchasing with notification that payment is scheduled and instructions to close or reduce the PO.

Request for Wire Transfer / Direct Pay / Unencumbered Goods and Services (requires Request for Check)

- Request for Wire Transfer forms shall be completed by departments and forwarded to the Associate Controller along with the Request for Check and supporting paper work in either paper or electronic format.
- After reviewing the supporting documentation for compliance with IIT policy and procedures, the Associate Controller will forward the approved Request for Wire Transfer to the General Accounting Senior Accountant (see AP-107 Wire Transfers)
- The Senior Accountant will process the wire transfer as a direct pay using IIT Banner.

Approval of Invoicing is Required Through Banner Access

Successful entering of an invoice into Banner creates a log of that invoice and initiates notification to the authorized approver to review the invoice and approve the processing of a payment check.

Timely on-line approval by the ordering department's authorized approver is required to indicate receipt of goods and or services and to authorize the acceptance of invoice amounts and payment to vendor.

Accounts Payable will not process payments using vendor statements in lieu of invoices.

Employee Travel and Expense Report (ETER) / Direct Pay / Unencumbered Goods and Services

- The ETER is examined for compliance with IIT Travel policy by the accounting clerk prior to submission to Accounts Payable.
- Accounts Payable enters ETER information into Banner as a Direct Pay, generates a Banner invoice number, and records invoice information
- Reimbursement checks for ETERs will be processed within five business days after a completed and correct ETER is received by Accounts Payable and scheduled for payment in the payment cycle following.
- ETERs should be submitted within 60 calendar days of incurring the expenses. ETERs submitted for expenses older than two months will not be processed only after review and approval of the Associate Controller who will also determine whether the reimbursement should be considered W2 reportable.

Guidelines

Certain payments for goods and services will not require a purchase order. These exceptions include but are not limited to purchases involving cost allocations, confidential legal and benefit services, and certain other exceptions that upon approval by the Controller's Office, are not deemed practical for the purchase order process. However, in those instances where a purchase order is not practical, a properly approved Request for Check will be required.

The **Request for Check** – is required for non-petty cash payments for purchase of goods/services whose total purchase price is less than \$500 including:

- Registration fees
- Membership fees/dues
- Reimbursement for institutionally related local travel expenditures
- Subscriptions to journals, newspapers and other periodicals

The following also require use of the Request for Check, but may be for any amount required:

- Postage (check to cover mailings by mail service) ****Must be issued in conjunction with a purchase requisition****
- Honoraria paid to non-IIT employees
- Invoicing that is to be processed as “private” as authorized by the Controller
- Payments related to litigation
- Payments related to settlement of Human Resources issues
- Payments involving an allocation of the invoice cost to various departments.

References

K.1. Procurement Policy
 J.3. Travel Policy
 Petty Cash Procedure
 Wire Transfer Procedure

Responsibilities

Requisitioner
 Accounts Payable
 Senior Accountant
 Ordering Department’s Authorized Approver

Required Forms

[Request for Check](#)
[Petty Cash Authorization Form](#)
[Employee Travel and Expense Report](#)
[Request for Wire Transfer](#)