



Policy # 52005.1

ACCOUNTS PAYABLE PROCEDURES

Effective Date: January 6, 2025
Responsible Office: Controller's Office
Division: Finance

I. PURPOSE/OBJECTIVE

The purpose of this policy is to outline procedures to effectively manage the Accounts Payable process ensuring proper payment for goods and services and steps for processing reimbursements to employees as part of Grambling State University's sound financial practices in accordance with Policy #52005.

II. ACCOUNTS PAYABLE PROCESS

Grambling State University has developed this process to ensure that all debts owed by the university are paid completely, accurately and timely. The AP process ensures that all vendor payments are accurate, authorized, and timely. The following steps outline the typical workflow involved in processing payments for goods or services rendered to the organization:

a. Invoice Submission to AP

1. Invoices should be submitted to the Accounts Payable Department either electronically or in paper format. The AP department will ensure that all invoices are date-stamped upon receipt and entered into Banner.
2. The vendor's invoice should reference a valid purchase order (PO), if applicable, and should align with the terms agreed upon.

b. Invoice Review and Verification

1. The AP team will verify the accuracy of the invoice against the PO or contract. This includes confirming that the correct goods or services have been delivered, pricing is correct, and the appropriate terms and discounts are applied.
2. Any discrepancies must be resolved **BY THE DEPARTMENT** that made the purchase before the invoice can be processed for payment.

c. Invoice Approval

1. Invoices must be **REVIEWED AND APPROVED** by personnel, such as department heads or designated financial officers of the department that made the purchase or the department's respective Division Vice President.
2. Once approved, invoices will be forwarded to the AP Department for processing.

3. Each department should maintain documentation of approval for audit purposes.

d. Payment Processing

1. Payments will be made via Electronic Funds Transfer (EFT) or check, depending on vendor preferences.
2. All payments must be processed in accordance with State of Louisiana disbursement regulations and the university's financial systems.
3. Payments will be scheduled based on the invoice due date, ensuring compliance with payment terms and optimizing cash flow.

e. Vendor Set-up and Maintenance

1. New vendors must be registered in the university's vendor database before any payments are processed.
2. The AP Department will verify that all required information (tax identification number, W-9 form, etc.) is provided and accurate.
3. The vendor database should be reviewed regularly to ensure information is current.

f. Disbursement Approvals

1. All payments require approval from the university's Authorized Approvers (e.g., purchasing department, budget office, or a senior administrator).
2. Approvals will be tracked in the university's financial system to ensure accountability and transparency.

g. Payment Scheduling

1. Payments will be processed on a regular basis (e.g., weekly or bi-weekly) to ensure vendors are paid in a timely manner. Regular check/direct deposit cycles are established as follows:
 - a. **Mondays and Wednesdays:** Payment packets are compiled and uploaded into the Banner System for processing.
 - b. **Tuesdays and Thursdays:** Checks and direct deposits are processed and distributed.
2. The AP team will review payment schedules to ensure that payments are processed efficiently, without unnecessary delays.
3. Emergency or expedited payments will require approval from senior administration and will only be used in exceptional cases (e.g., to avoid late fees or disruptions of services). Exceptions may be granted outside this schedule with the approval of the Controller or Vice President for Finance.

III. PAYMENT AUTHORIZATION AND DOCUMENTATION

All payments must be authorized and documented according to university protocols. This includes:

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1. A purchase order (PO) issued by the Purchasing Department indicating the prices and amounts of goods/services to be provided by the vendor, and supported by a requisition from the requesting department;
 2. A detailed or itemized invoice from the vendor indicating prices and amounts of goods/services provided; and
 3. Confirmation of receipt of goods or services by the Property & Receiving Department and/or the requesting department.

IV. VENDOR DISPUTES AND ISSUES

1. If there are disputes or issues with an invoice (e.g., over billing or delivery), the AP department will notify the appropriate department and work with the vendor to resolve the issue before payment is made.
2. If an issue cannot be resolved, the department should escalate the matter to Controller or VP of Finance for further review.

V. FRAUD PREVENTION AND INTERNAL CONTROLS PROCESS

To protect the university from fraud and unauthorized payments, this policy includes process for internal controls, including:

1. Payment requests must be reviewed and approved by the AP Supervisor or Controller;
2. One staff member uploads the check/direct deposit file and another one runs the check preparation process.
 - a. This process includes inserting the correct number of checks into the printer and recording the numbers on the check stock as well as the numbers assigned by the check-writing process.
 - b. This cross-check ensures accountability in the issuance of cash.
3. Check and direct deposit payments will be tracked using Positive Pay features to enhance fraud detection;
 - a. Positive Pay involves the university sending a data file to the bank which includes the check number, payee, date and amount for a particular check/direct deposit process.
 - b. This process will detect if a fraudulent check or direct deposit is presented to the bank for payment.
4. Positive Pay practices will be applied for all check and direct deposit transactions;
5. Vendors or employees electing for direct deposit must provide validated banking information, and changes to payment instructions must follow a strict verification protocol.
6. Payment information will be carefully logged and tracked using approved financial systems.

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7. Check stock is purchased from the same vendor each time it is needed, and it is consecutively numbered. However, there is no specific GSU information on the stock, such as routing and account numbers which is printed on the check stock by the print software for fraud protection.
8. Checks can only be printed by one printer which is in the Controller's Office. The Controller and Assistant to the Controller have access to this software, and can only print checks that have been uploaded by the Accounts Payable staff for fraud protection.
9. A check log is maintained by the Assistant to the Controller to ensure accurate tracking of all issued checks. Both preprinted check numbers and software-generated check numbers are recorded in this log upon issuance. This process ensures that every check number is accounted for, preventing any discrepancies or unrecorded checks from being printed. The log serves as an effective fraud prevention measure, helping to safeguard against unauthorized disbursements and ensuring transparency in the check issuance process.

VI. ACH AND WIRE TRANSFERS

For ACH and wire transfer payments, the following controls will be enforced to ensure security:

1. Wire and ACH payments are not pre-numbered; therefore, the General Accountant is responsible for assigning a unique reference number to each transaction for tracking.
2. Wire payments must be reviewed and approved electronically by the Assistant Controller or Controller to ensure compliance.
3. Payment instructions will be verified with the vendor or individual before processing;
4. Any changes to payment details must be approved by the Controller or Assistant Controller and verified for accuracy.

VII. ACCOUNTS PAYABLE STAFF WORKFLOW AND RESPONSIBILITIES**A. AP Document Tracking Systems**

1. Tracking systems have been established for each AP staff member to monitor the university's debts, organized alphabetically as necessary.
2. When invoices are received, they are directed to the corresponding staff member for filing.
3. The same procedure is applied for purchase orders, receiving documents, and payment approvals.

B. Payment Processing Schedule

1. On Mondays and Wednesdays, the accounts payable staff gather all the necessary documents into a payment packet related to each payment, such as invoices, purchase orders, and receipts, to upload into the Banner System for payment processing.
2. Checks and direct deposits are issued on Tuesdays and Thursdays. Occasionally, payments are required outside of this regular schedule. If approved by the Controller or Vice President for Finance, these payments can be processed on other days.
3. Checks/direct deposits packets are reviewed by the Payable's Supervisor, or the Controller in the supervisor's absence.
4. Once reviewed and approved for processing, the packets are uploaded to the banner system. This process allows the check/direct deposit file to be available to be processed for payment.

C. Check and Direct Deposit Processing

1. The Assistant to the Controller, or Controller in their absence, uses the Envision Intellicheck software to print checks and process direct deposits.
2. The software also generates check copies for filing within the payment packets, automatically assigning consecutive check and direct deposit numbers. The check stock used by the university is blank, except for a sequential number, which helps maintain control over the stock.
3. As check stock is used, it is logged in the check log book to ensure all check stock is accounted for. The software prints all necessary information directly onto the check stock, further reducing the risk of fraud. Once printed, the checks are sealed and placed in the outgoing mail basket for pickup by the campus mail department.
4. After the previous steps are completed, the accounts payable staff uploads electronic files to the bank to support positive pay, a security feature designed to minimize the risk of errors or fraud. Payment packets are then labeled and filed for record-keeping.

D. Wire/ACH Payments

1. An additional possibility for making payments is by Wire/ACH. Once all supporting documentation is received the Asset Accountant prepares the wire.
2. This process sends the information to the bank where it awaits approval from either the Assistant Controller or the Controller.
3. Wires/ACHs are not prenumbered, so the General Accountant assigns each one a consecutive number which is logged. This provides documentation that no unauthorized Wires/ACHs are processed.
4. Once manually approved the Assistant Controller or Controller logs into the bank website and approves/releases the Wire/ACH electronically. This process provides an additional level of fraud protection.
5. Controls have been implemented for ACH payments to ensure they are routed to the correct bank account, such as verifying account details during setup,

requiring dual approval for changes to payment information, and conducting regular audits of payment records.

6. Vendors/staff that elect to receive payments by direct deposit/ACH must complete a form indicating the banking institution (and its routing number) and account number that they desire their payments to be sent to. The information from these forms is keyed into the banner system by the Assistant to the Controller, or the Controller in her absence.
7. The bank and account will be where the university payments will be sent to, until a change is requested. If a change is requested, the following steps should be followed:
 - a. Employee should call the payment requestor using a phone number from a system of record and verify that they sent the request;
 - b. Employee should never trust internal or external emails or phone numbers contained within the request to validate payment instructions;
 - c. Employees should call back directly to the payment requestor to confirm payment instructions.

VIII. ACCREDITATION

Grambling State University is accredited by the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) to award associate, baccalaureate, master's, and doctorate degrees. GSU also may offer credentials such as certificates and diplomas at approved degree levels. Questions about the accreditation of GSU may be directed in writing to the Southern Association of Colleges and Schools Commission on Colleges at 1866 Southern Lane, Decatur, GA 30033-4097, by calling (404) 679-4500, or by using information available on SACSCOC's website (www.sacscoc.org)

IX. REVISION/REVIEWED