

Accounts Payable Policy

Introduction

Accounts Payable processes payments to our vendors, faculty, staff, and students in a courteous, timely and professional manner. Accounts Payable assures that disbursements meet internal and outside agency regulations and industry best practices. We actively seek to provide excellence in customer service in keeping with the standards and values of the College.

Payment of Invoices and Bills

Itemized original invoices and/or receipts are to be sent to Accounts Payable for payment. *Invoices received by noon on Wednesday will be paid on Thursday.* No invoice or bill will be paid without department approval and the assignment of the appropriate general ledger number. In most cases, invoices should not be approved for payment until the department has verified that materials or services have been received. Purchase orders are paid when the using department sends the gold copy of the purchase order to the Purchasing Assistant in the Business Office confirming receipt of the goods.

Duplicate (photocopies) of invoices or statements generally will not be accepted.

Processing the Invoice

Generally, most invoices are mailed to the Business Office. The invoices are then sent to the appropriate department to be signed and coded with the correct account numbers. After the department verifies the invoice, it is returned to the Business Office for payment. If invoices are received directly by the user department, they need to be forwarded to the Business Office as soon as possible after verification and coding to ensure applicable discounts are available and vendors receive payment on a timely basis.

1. Approval can be made on the invoice issued by the vendor:

- a) Circle the amount to be paid.
- b) Signature of approver.
- c) Enter appropriate general ledger number.

The Approved For Payment stamp shown below can be purchased from Corporate Express. You can use this stamp as a tool when you are submitting invoices for payment.

ACCT # FD-SRCE-DEPT-EXPS
DATE
APPROVED FOR PAYMENT BY

2. For other payments complete a check request form for each invoice.

Submit the invoice or request for check to Accounts Payable in the Business Office. Please allow one week for processing the requests.

Documentation of Business Purpose

The Business Purpose statement is a description of how the business expenses incurred relate to the performance of services as an employee. Expenditures reimbursed with a check request form, travel expense report or paid with the College Visa must list the business purpose if it is not clearly evident with the backup documentation.

Examples:

- *Purchased food for departmental breakfast June 6th honoring graduates*
- *Lunch with potential donors Alice & Tom Jones*
- *Attended the IMS conference for professional development*

Check to Accompany Order

When a vendor requires a prepayment before shipping or providing any goods or services, some type of documentation must be sent proving the value of such goods or services. This documentation must show an account number and the proper signature authorization. Generally, College policy does not allow payment prior to receiving goods or services.

Completed order form or application must accompany the request for check.

Independent Contractor

Periodically services needed for limited or intermittent periods may be obtained from an independent contractor/consultant. Prior to hiring a contractor, please contact Accounts Payable to work through an Employee/Independent Contractor Checklist which will verify the independent contractor status.

If the service provider is determined to meet the classification of an employee, approval must be made through the Human Resources hiring process and include associated fringe benefit costs, employer payroll taxes and insurance risks inherent with employees. Misclassification of service providers as independent contractors exposes the College to penalties from the IRS and other regulatory agencies.

Honorarium Payments

An honorarium is a payment that is primarily intended to confer distinction or to symbolize respect, esteem or admiration. Honoraria may be provided to individuals such as guest speakers or presenters who participate in educational events or projects. Our payments represent a token of appreciation. The IRS classifies honorariums as fees and they are subject to taxation. Requests for payment of honoraria are exempt from Independent Contractor review and can be paid with a check request. A W-9 form must be received by Accounts Payable prior to release of the individual's payment.

Non-Resident Aliens Payments

The Internal Revenue Service (IRS) has issued strict regulations regarding the taxation and reporting of payments made to non-United States citizens. As a result, Carleton College may be required to withhold U.S. income tax and file reports with the IRS in connection with any payments made to or on behalf of a non-resident alien such as honorariums, wages, fellowships and travel. Before we can make any payments, certain information, identification, and forms must be provided in order to make correct tax withholding and reporting decisions. In 2006, Carleton College purchased an online tax compliance software/license called Glacier that allows the non-resident alien to provide the requested information and complete the forms from any web-accessed computer. For the convenience of the non-resident alien, user IDs and passwords can be issued prior to their arrival. The Business Office can issue the user ID, password, and is responsible for tax withholding and reporting. Please contact Shari Mayer at smayer@carleton.edu or ext. 4022.

Note: The following document copies will be required for both immigration and tax purposes:

Passport ID page
Visa page (in passport)
Form I-94/I-94W card
DS 2019 (if applicable)

Minnesota Entertainer Tax

Compensation that nonresident entertainers receive for performances in Minnesota is subject to a 2% nonresident entertainer tax. Carleton College is responsible for withholding the 2% tax from the nonresident entertainer payments, remitting the withholding amounts and reporting to the Minnesota Department of Revenue.

Gross compensation includes (but is not limited to):

- all compensation paid for a performance
- reimbursed expenses (transportation, lodging, meals, sound and lights, security, etc.)
- prize winnings at spectator events

Entertainers; also termed as Entertainment entities by the Minnesota Department of Revenue are:

- a nonresident entertainer who is paid for providing entertainment as an independent contractor
- a partnership that is paid for entertainment provided by nonresident entertainers who are partners
- a corporation that is paid for entertainment provided by nonresident entertainers who are stockholders of the corporation

Entertainers include (but are not limited to):

- musicians, singers, dancers, comedians, actors, athletes, and public speakers.

Nonresident public speakers are subject to the entertainer tax. However, if the speaker's compensation is less than \$2,000 per engagement, the promoter (Carleton College) is not required to withhold.

Individuals who are full-year residents of North Dakota, Wisconsin, and Michigan are exempt from the entertainer tax; however, they must have regular Minnesota income tax withheld unless they properly complete Form MW-R, Reciprocity Exemption/Affidavit for Residency. See www.taxes.state.mn.us/, the Business Office or the Business Office website for Form MW-R.

Federal Form W-9 (Request for Taxpayer Identification Number and Certification) must be completed by the nonresident entertainer and submitted to Carleton College. Individuals must supply their social security number and home address; businesses must supply their federal and/or Minnesota ID number(s). See www.irs.gov, the Business Office or the Business Office website for Form W-9.

If the nonresident entertainer fails to provide a federal ID number, backup withholding is required. Minnesota's backup withholding rate is 8.5%.

Carleton College will provide a Federal form 1099-MISC to every entertainer showing the total amount paid and the amount of entertainer tax withheld by January 31st of the year following the date of payment. This form will be provided even if the amount paid was less than \$600.

Gifts to Employees

Please notify the College Relations Office at x4309 of births or deaths in an employee's immediate family including details such as the name and address of the employee. The College Relations staff appreciates your contact since the only means they have of learning of a birth, adoption, or death of a family member is through your notification.

College Relations purchases and sends a baby gift to the parents of any child added to the Carleton community through birth or adoption. They also order a plant or floral arrangement and arrange for delivery upon notification of the death of an employee, Carleton retiree, or the death of an employee's spouse, child, or parent. This policy does not cover the loss of an employee's siblings or in-laws.

There are many other occasions, such as promotions or hospital stays, which are suitable for giving flowers or gifts. As you can imagine, these occasions occur frequently and the expense to the College of contributing to all of these requests could be fairly large. Therefore, flowers and gifts for events other than those listed in the paragraph above should be considered a personal expense for those in a department who wish to contribute.

Gift Certificates/Gift Cards

Gift certificates or gift cards purchased with College funds and awarded to Carleton employees are considered taxable wages and are subject to withholding, regardless of its amount. According to Treasury regulation 1.132-6 "a cash equivalent fringe benefit (such as a fringe benefit provided to an employee through the use of a gift certificate/gift card) is not excludable under section 132(a) even if the same property or service acquired (if provided in kind) would be excludable as a de minimis fringe benefit.". Reimbursements for employee gift certificates will be processed through Payroll.

Moving Expense Reimbursement

Individual's who have been pre-authorized to receive a moving expense should refer to the [Moving Expense Reimbursement Policy](#) for details on their move. Moving expense reimbursement forms must be signed by Human Resources for non-faculty or the Dean of the College for faculty personnel. **Itemized original** invoices are required for reimbursement. Contact information on moving contractors can be found on our consortiums websites:

- E&I (Educational & Institution Cooperative) <http://www.eandi.org>
- ACTC (Associated Colleges of the Twin Cities) <http://www.associatedcolleges-tc.org/jntpurch/contracts.htm>

Cash Disbursement Policy

It is the policy of the College to make all disbursements of College funds by check, rather than in currency. In order to comply with this policy, all disbursements of College funds will be based upon properly approved invoices, check requests, purchase orders, or other appropriate documents.

Disbursements in currency are limited to payments made from a petty cash. These disbursements are to be made only when payment by College check is not practical, and are limited to a maximum of the invoice amount or \$100, whichever is less.

Petty cash funds shall not exist without the written approval of the Business Office. Please reference the petty cash policy.

Credit Applications

Purchasing will process credit applications from vendors upon request. Pending and approved applications are kept on file in Purchasing.

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