Accounts Payable Training

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Jaci Kilgore, Accounts Payable Manager

Steffon Gray, EPCI Consultant

Overview: Why We're Here

AP Partnership Survey

What We've Done Thus Far

Agenda

Section I

Accounts Payable Team Overview

Accounts Payable Team Functions

Processes Payments & Reimbursements for:

- University of Maryland College Park

- University of Maryland Center for Environmental Science
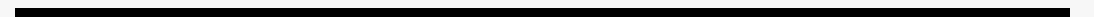
- University System of Maryland

Ways to Contact the AP Team

Email Address	Purpose
APadmin@umd.edu	This box is used to receive invoices and begin the payment process.
APinquiries@umd.edu	This box is used for general inquiries and information.
APnonemployeetravel@umd.edu	This box is used to receive non-employee travel documents and begin the reimbursement process.
rejectedinvoice@umd.edu	Do not reply. This box is used to inform vendors why their invoice was rejected and what to do to fix the issue.

Section II

State of Maryland Guidelines

State of Maryland Guidelines
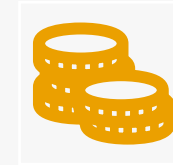
Net 25 Day Requirement for Payments

Monthly Delay Rate Report

ACH Payments

Liability Offset

Tax Exemption

W-9 Forms

What is the Monthly Delay Rate Report?

How is the University doing?

Year	Invoices by Calendar Year	December Invoices	Delay Rate
2017	61,029	4,469	3.85%
2018	59,844	3,647	5.51%
2019	63,434	4,784	15.08%
2020	43,933	2,461	44.74%
2021	56,029	4,547	3.11%

How can vendors register to receive ACH payments?

- Vendors are encouraged to register for ACH payments on the state's [website](#)
  - The process takes approximately **3 to 4 weeks** for vendors to be activated
  - Vendors **must be on the university's vendor file before they can register for ACH**, otherwise the vendor will receive a check payment

What should vendors do if their payment is intercepted or offset?

- Once payments are approved by the University and disbursed by the state, the University's obligation is fulfilled, and all goods/services should be rendered to the University by the vendor/supplier.
  - Any disputes or questions related to liability offsets (state or federal) should be taken up with the state of Maryland using the contact information below:
    - State Information, tax debt withholding, or state liability offset notices (**Phone:** 410-767-1642)
    - Federal Information and Federal Offset of Payments (**Phone:** 410-260-7350)

Tax Exempt Rules

- The University does not pay sales taxes if the vendor has a physical location in MD or DC

W-9 Forms

- W-9s are valid for 4 years
- For people who refuse to submit W-9s:
  - You can tell them that the state will deduct 24% of their money
  - You can ask them to provide, fill, and sign an I-9 form indicating that they can work legally in this country

Section III

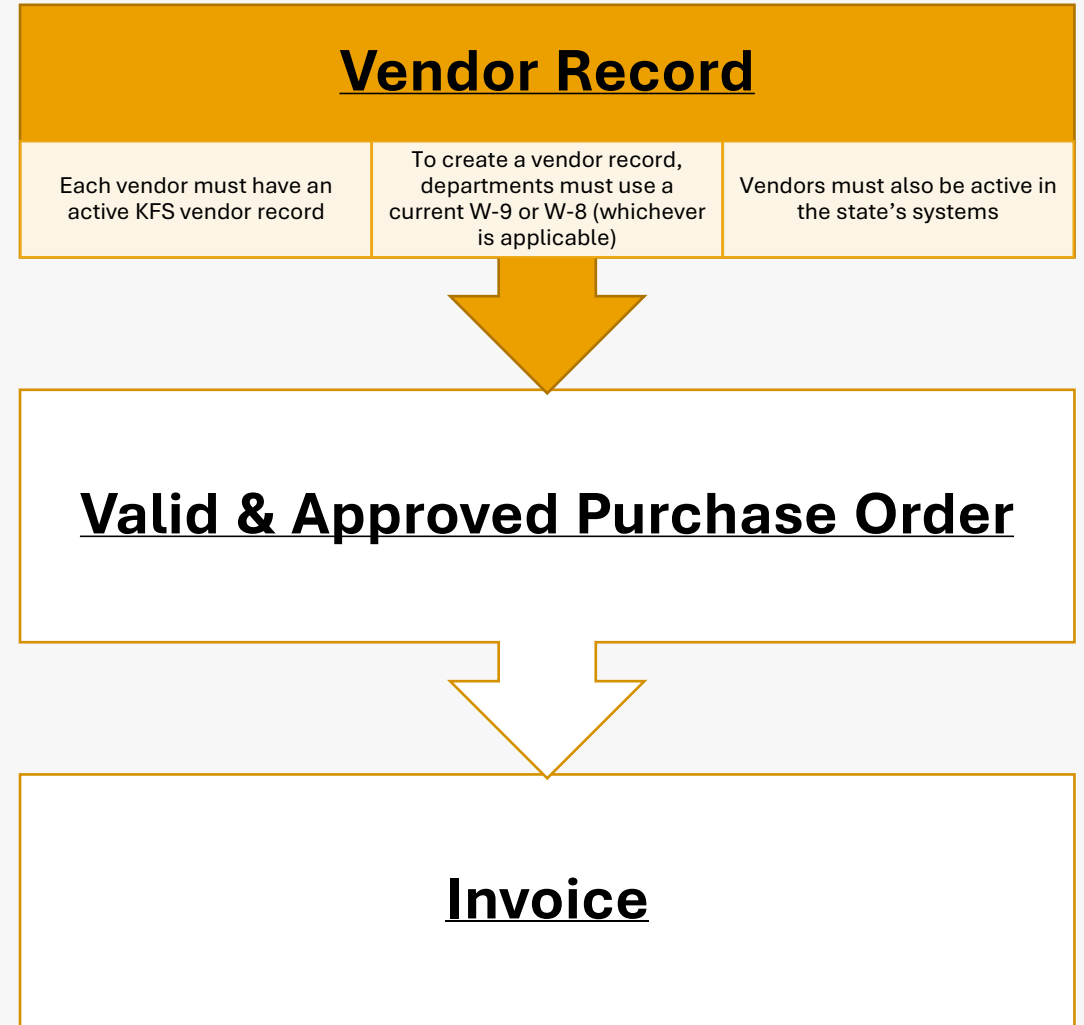*Processing* *Invoices against POs*

Processing Payments (Invoices against POs)

What elements are required for AP to process a payment?

Vendor Record

Each vendor must have an active KFS vendor record	To create a vendor record, departments must use a current W-9 or W-8 (whichever is applicable)	Vendors must also be active in the state's systems

Valid & Approved Purchase Order

Invoice

Who is Responsible for each Element?

| Required Item for Processing	Responsible Entity	Required Forms or Elements
KFS Vendor Record (Domestic Vendors)	Campus Unit/ Department	• W-9
KFS Vendor Record (Foreign Vendors)	Campus Unit/ Department & Systems Control Unit	• W-8 • Departments must send the vendor's completed, signed W-8 form to SystemControl@umd.edu with the subject "Foreign Vendor Number Request." • If a vendor is a U.S. citizen, but lives outside of the U.S., they must complete a form W-9, but it still needs to be sent to SystemControl@umd.edu with the subject "Vendor Record Request - U.S. Citizen with Foreign Address."
Purchase Order (PO)	Campus Unit/ Department & Procurement Office	• Valid & Approved PO with Available Funds
Invoice	Supplier/Vendor to send directly to AP at apadmin@umd.edu	• Must be in PDF format and a (PO) number must be included on the PO number in an email from the approving campus unit/department; • Must be billed to the University of Maryland; Company's name, address, and tax ID (if printed on the invoice) must match exactly to the name, address, and tax ID on the PO. (This includes business suffixes such as LLC, Inc., etc.); • Must contain a detailed account of the goods/services billed; • Must contain the date goods/services were rendered.

What Happens After the Invoice is Received by AP?

AP REVIEWS THE INVOICE FOR COMPLETENESS

AP VERIFIES THAT THE PO HAS FUNDS

AP COMPARES THE INVOICE & PO DETAILS

AP CREATE PAYMENT REQUEST IN KFS
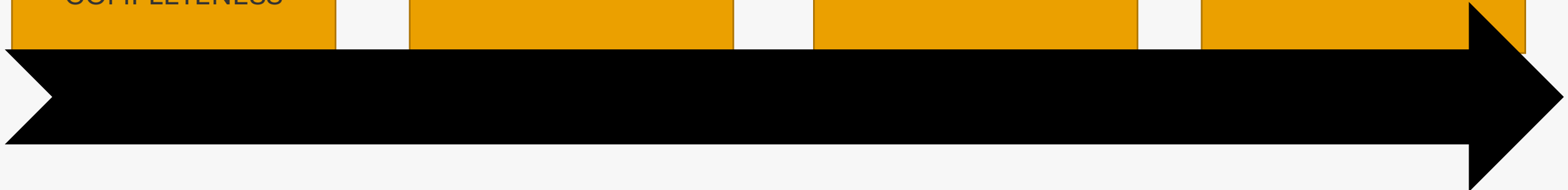
How long does the payment process take?

- Between September 2021 and November 2021, payments were remitted by the state **30-37days from the date on the invoice**, on average

- Most payments cycle through AP within **2-4 days of being received** (if received complete and correct), on average

How would AP know if it is okay to pay a vendor when the vendor sends the invoice directly to AP and not directly to the department?

- **<u>Based on the PO details</u>**
  - AP will know that it is okay to pay vendors based on the details of the invoices that are submitted and the corresponding purchase orders.
  - All invoices should be dated, have a list of goods/services that were provided to the University, and be accompanied by (or contain) an approved purchase order number.
  - AP does not submit payment requests tied to 3-way match purchase orders until the campus unit/department's fiscal officer approves the request.

How can departments check the status of a payment?

- After AP approves a payment, a Pay Date is updated in KFS.

- This date is not the actual date the state issued payment.

- Please add 7 days to this date before contacting AP for a status.

How can departments find the status of an invoice?

- In KFS, click the View Payment History tab on the PO.
  - If there is at least one payment, but not the payment in question, you can open the PREQ, then click Invoice Image and Invoice Image on Optix System by Purchase Order to see all invoices scanned, whether paid or unpaid.

Vendor Maintenance: How to Update Domestic Vendor Records

Submit a vendor change request in KFS

**Two documents** are required to update a vendor's record in KFS

Departments should attach (in KFS) **two documents** to the KFS vendor change request

Invoice; W-9; X-9; Vendor Contract; Web Page; Approved Loan or Grant Application; Credentialing Application

Match Exception & Tolerance Rules

Purchase Order Type	No Tolerance	Low Tolerance	High Tolerance
2-Way Match	Invoice amount must match the PO amount. AP blanket approves the payment.	Invoice amount cannot be more than 10% of the PO amount (or not more than $1,000). AP blanket approves the payment.	Invoice amount cannot be more than 25% of the PO amount (or not more than $2,500). AP blanket approves the payment.
3-Way Match	Invoice amount must match the PO amount. AP routes approval to the department fiscal officer.	Invoice amount cannot be more than 10% of the PO amount (or not more than $1,000). AP routes approval to the department fiscal officer.	Invoice amount cannot be more than 25% of the PO amount (or not more than $2,500). AP routes approval to the department fiscal officer.

2-Way Match
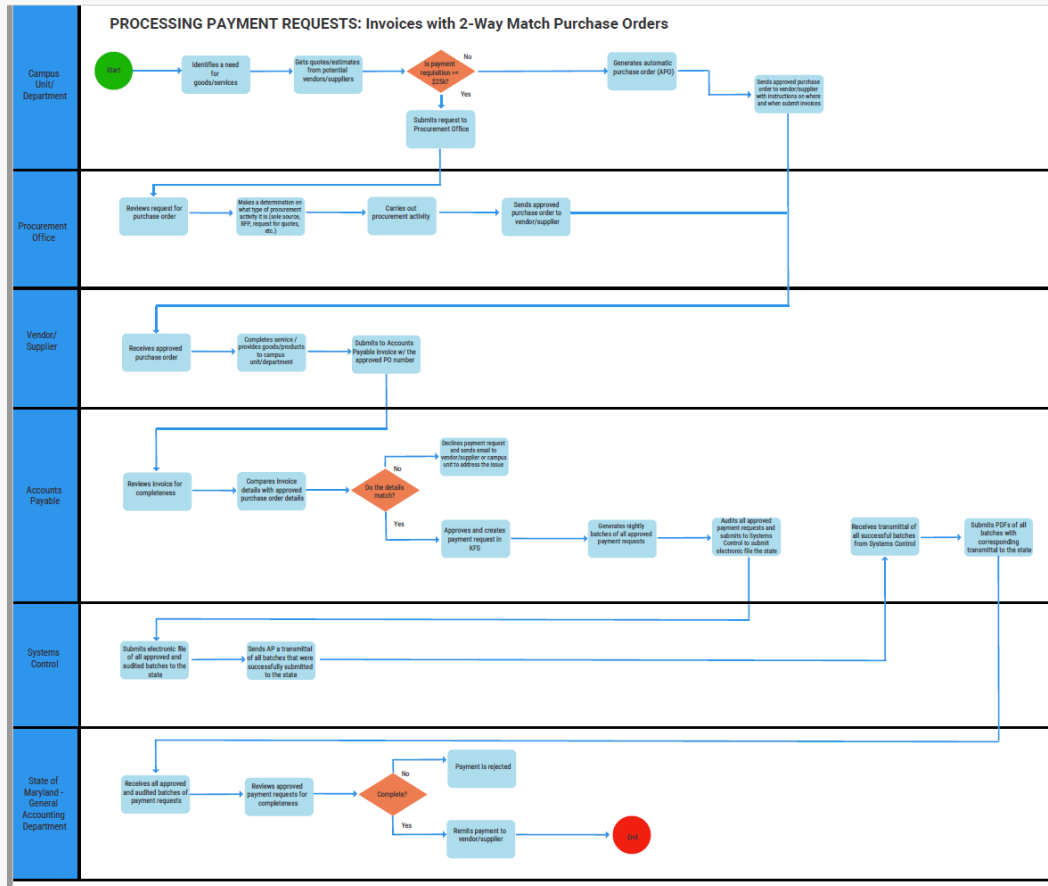
3-Way Match
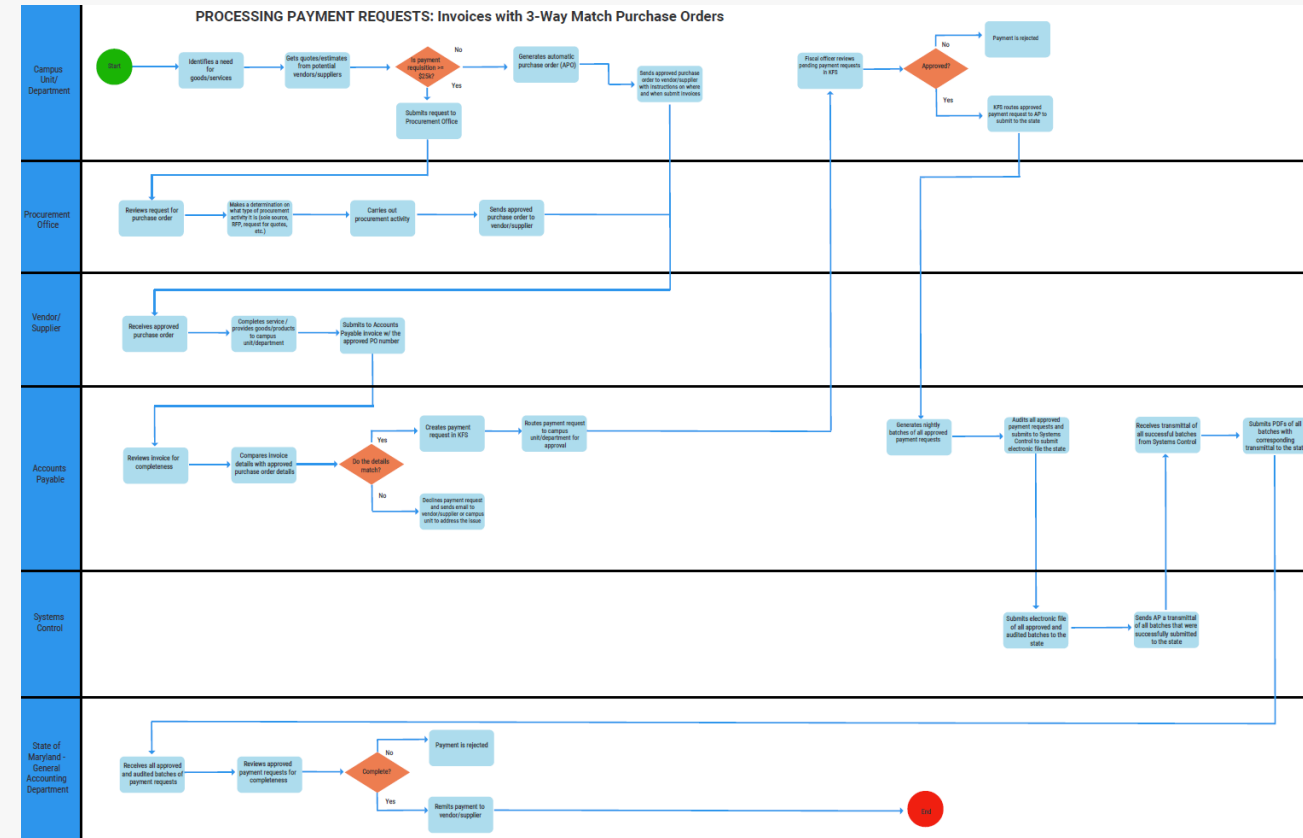
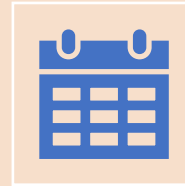**Please download these documents from the AP website for a clearer, more detailed view.**

Rules for Purchases $25k and over

Departments must provide the date in which all goods/services were received in KFS for purchases of $25k or more

For payments $500k and over that are 2-way match, AP will check with the department as a courtesy to make sure that no further approval is necessary for payment

Common Reasons for Delays

1. **Invoice Issues**

2. **PO Issues**
   - Insufficient Funds
   - Closed PO
   - Improper Quantities or Rates on the PO

3. **Inactive Vendor**

4. **Waiting**
   - Invoice Amendments from Vendor (ex: if not billed to the University of Maryland)
   - Departments Holding Invoices to Submit in Bulk
   - PO Amendments
   - Fiscal Officer Approval (3-match)
   - Vendor Re-activation

How can departments process payments to DACA students?

- Payments to DACA students must go through payroll

- Cara Diggs cdiggs78@umd.edu is the Non-Resident Alien Specialist and can address any questions

A quick note on Personal Credit Cards to Pay Individuals for Goods/Services

- Employees should not use personal credit cards (or any form of payment) to pay a vendor or individual for goods/services on behalf of the department

- Payments to vendors/individuals should be made by the State of Maryland

- Departments should issue a PO and the person should bill the University of Maryland

Section IV

Wire Payments

What is needed for a vendor to receive a wire payment?

- The X-9 form, vendor's invoice, PO details, and KFS vendor record must all match in order to process a wire.

Type of Wire	Vendor Type	Wire Fee	Notable Exceptions
State of Maryland Wire	Domestic Vendors (U.S. tax ID)	No	The state processes wire when the vendor's name and beneficiary bank account do not match
Working Fund Wire (through Western Union)	Foreign Vendors	Yes	A currency conversion sheet is not required because Western Union does the conversion

- Dates and signatures on the forms are required.

- All documents must be in a single PDF.
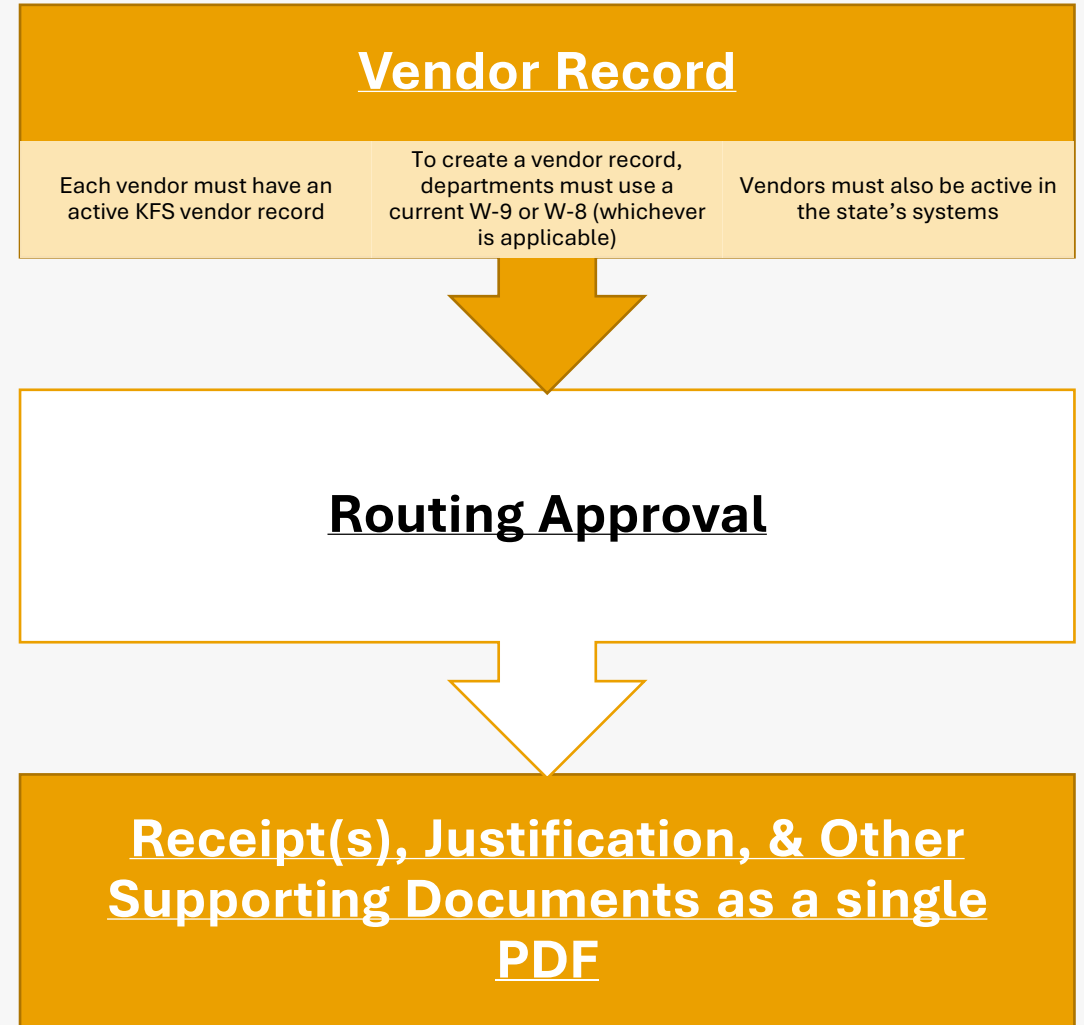
Section V

Processing Disbursement Vouchers

Processing Payments (DVs)

General Requirements for Processing DVs

Allowability and Appropriateness Guidelines

Common Reasons for Delays or Disapproval

What elements are required for AP to process a DV payment?

Vendor Record

Each vendor must have an active KFS vendor record	To create a vendor record, departments must use a current W-9 or W-8 (whichever is applicable)	Vendors must also be active in the state's systems

Routing Approval

Receipt(s), Justification, & Other Supporting Documents as a single PDF

Who is Responsible for each Element?

Required Item for Processing	Responsible Entity	Required Forms or Elements
KFS Vendor Record	Campus Unit/ Department and Systems Control Unit (for foreign vendor number requests)	• W-9 or W-8 (for foreign vendors)
Routing Approval	Campus Unit/ Department	• The DV has received the proper approvals from the department, including the fiscal officer/business manager
Receipt(s), Justification, & Other Supporting Documents	Campus Unit/ Department & Vendor or Reimbursee	• Receipt/Receipt Log if more than one receipt • The comments/explanation field must include a justification of how the purchase is a UMD expense • Applicable and allowable purchase codes • Signed and dated DV cover sheet (internal form for employees only) if applicable • Signed and dated honorarium agreement if applicable • Signed and dated contractual agreement if applicable (signed by UMD and the vendor)

What Happens After the DV is Received by AP?

AP OPENS DV & REVIEW FOR COMPLETENESS

AP COMPARES INFO IN KFS WITH SUPPORTING DOCUMENTS

AP MAKES A PAYMENT DETERMINATION

Appropriateness & Allowability

Disbursement Voucher Matrix: Common Allowability Inquiries for DV Processing

Reimbursement Element or Category	Allowable	Unallowable	Nuanced	Explanation
Alcoholic Beverages		X		The purchase of alcoholic beverages cannot be reimbursed by the University of Maryland.
Cellphone Bill Payments (Monthly)		X		Monthly cellphone bill payments cannot be reimbursed by the University of Maryland. However, cellular phone expenses are reimbursed for approved travel, in which case it should be included on the corresponding travel expense statement.
Credit Card Statements as Receipts		X		Credit card statements cannot take the place of receipts. All receipts must be maintained and submitted with the reimbursement request.
Freight/Courier		X		Freight/Courier bills are paid by Central Receiving. All such invoices/bills should be sent there.
Gifts of Sentiment		X		Gifts of sentiment cannot be reimbursed by the University (e.g., funeral flowers, birthday gifts, etc.)

Please visit the AP website to see the full matrix.

What is needed to make a vendor record for an employee?

- A screenshot of the employee's PHR screen should be submitted with the vendor record request
  - It must show that the employee has an active appointment with the university
- Under no circumstances should an individual **who is not** an employee of the university be added to the vendor file as an employee

How are stipends processed?

- Stipends require an agreement, similar to an honorarium agreement

- A 1099 reportable object should be used

- If a stipend is paid to an **employee**, it should be processed via Payroll

- If a stipend is for a **student**, it must be processed as an award through financial aid

What is the maximum length of time to submit a reimbursement request?

- One year

- The State of Maryland **will not approve** reimbursements for purchases that are **more than one year old**

Other Notable Considerations for DVs

- Object Codes and Payment Reason Code **must** Align
  - **Example:** Relocation Object Code 3770 can be used if the Payment Reason Code is for relocation expenses
  - It cannot be used if the Payment Reason code is something else (e.g., Reimbursement for Out-of-Pocket Expense)
  - See a full list of payment reason codes here

Common Reasons for Delays or Disapproval

1. Documents were not uploaded as a <u>single</u> PDF

2. Receipt(s) and/or Other Supporting Documents are Not Legible

3. Inactive Vendor

4. Insufficient Justification of Expenses
   - Who? What? Where? When? Why? For what purpose?

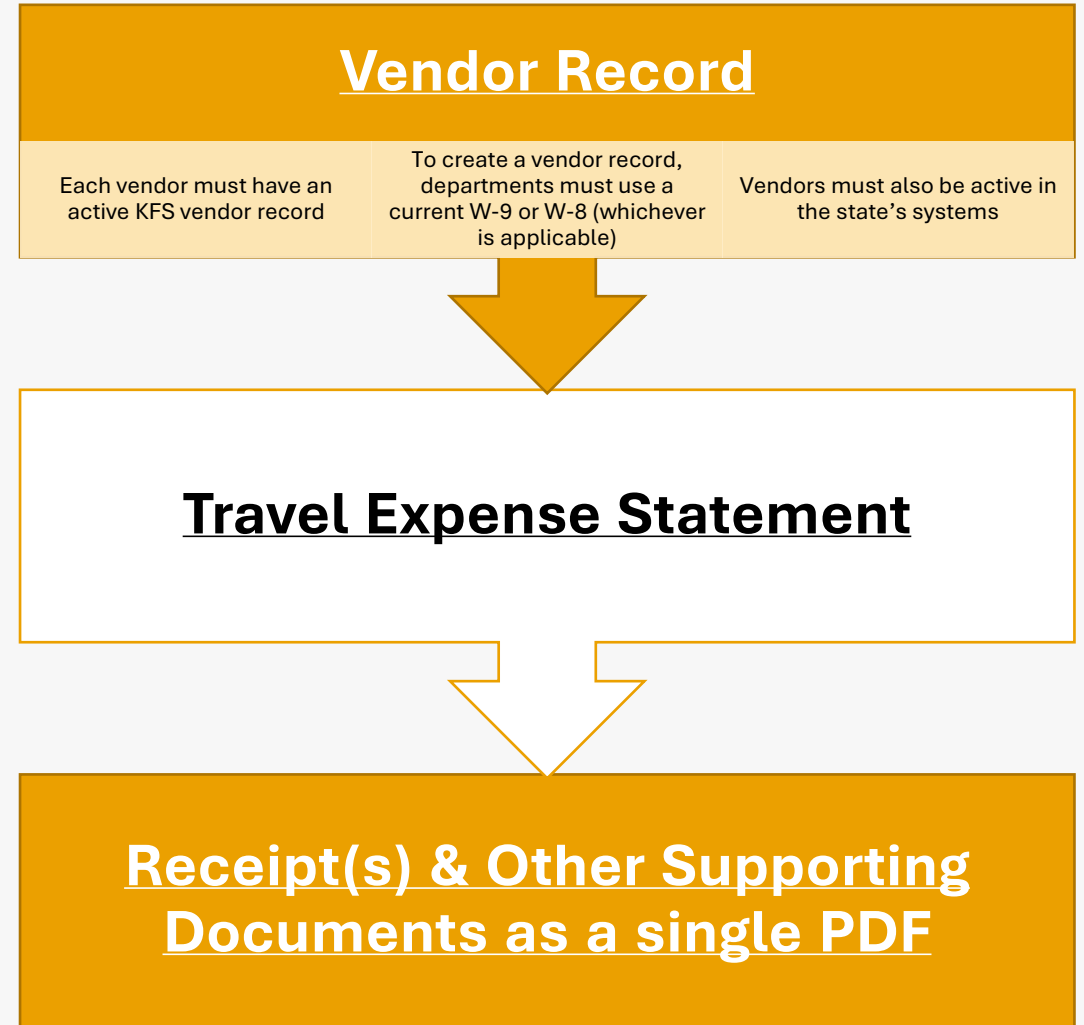5. Routing the DV to a specific AP Staff Member

Section VI

Processing *Non-Employee Travel*

Non-Employee Travel

General Requirements for Processing Non-Employee Travel

Common Reasons for Delay or Disapproval

What elements are required for AP to process non-employee travel?

Vendor Record

Each vendor must have an active KFS vendor record	To create a vendor record, departments must use a current W-9 or W-8 (whichever is applicable)	Vendors must also be active in the state's systems

Travel Expense Statement

Receipt(s) & Other Supporting Documents as a single PDF

Who is Responsible for each Element?

Required Item for Processing	Responsible Entity	Required Forms or Elements
KFS Vendor Record	Campus Unit/ Department	• W-9 (or W-8 for foreign traveler)
Trip Number	Campus Unit/ Department & Traveler	• Vendor Number and Trip Number should be included in the subject line of the email sent to apnonemployeetravel@umd.edu with supporting documents in a single PDF
Travel Expense Statement	Campus Unit/ Department & Traveler	• **Approved** Travel Expense Statement (TES) that says, "**Approved by**" at the bottom of the document. (AP cannot accept or process a "Draft", "Active" or "New" document) • Do not load multiple TES to one email. Each TES should be submitted individually.

Traveler Expense Statement

Required information from the Traveler:
- Social security number
- Mailing address (must match the address in KFS or an updated W-9 should be requested)

Departments should ensure the following are on the TES:
- Department's name is listed
- TES point of contact from the department (name and email address)
- Departure and Return Dates
- Origin and Destination
- Trip Purpose
- Detailed Travel Expenses (with cost codes, KFS account number, object codes, and amounts)
  - Cost Codes cannot be combined and should be on separate lines

Traveler Expense Statement (cont'd)

Departments should ensure the following are on the TES:

- Supplemental documents should contain a receipt to support each amount listed on the TES
  - A credit card statement cannot be submitted in the place of a receipt. It can only be provided as backup and additional proof of payment
- Receipts must be clear, legible (translated in English if applicable), and detail all items purchased
  - Receipts that are blurry, smudged, or faded will not be accepted
- Date of the receipts should not be over one year old
- Transportation or parking under $75 does not require a receipt
  - Consecutive day parking policy and receipt requirement
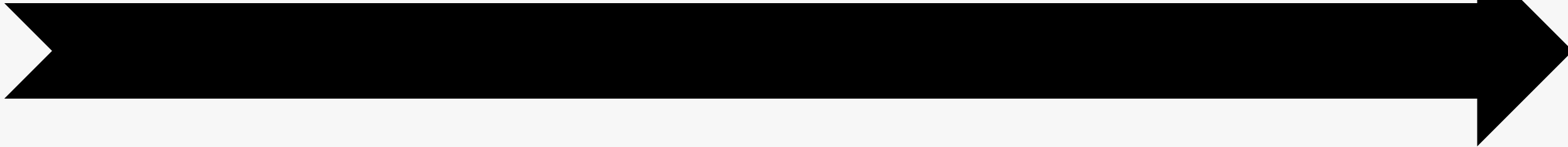- Signed Traveler Attestation (or a negative assurance letter)

What Happens After the Non-Employee Travel Reimbursement Documents are Received by AP?

| AP OPENS & REVIEWS TRAVEL DOCUMENTS FOR COMPLETENESS | AP COMPARES INFO IN KFS WITH SUPPORTING DOCUMENTS | AP MAKES A PAYMENT DETERMINATION | AP COMPLETES TRAVEL SCREEN |

Common Reasons for Delays or Disapproval

1. Documents were not uploaded as a <u>single</u> PDF

2. Receipt(s) and/or Other Supporting Documents are Not Legible

3. Departments submitting the Wrong Travel Expense Statement

   - <u>Approved TES</u> should be used, not "draft," "active," or "new"

The End