Accounts Payable Training

Accounts Payable Department

Responsible for processing payments for University business-related goods and services:

- Process payments to payees and suppliers
- Accrue and pay sales/use tax on taxable goods
- Issue 1099 forms to according to IRS guidelines

Definitions

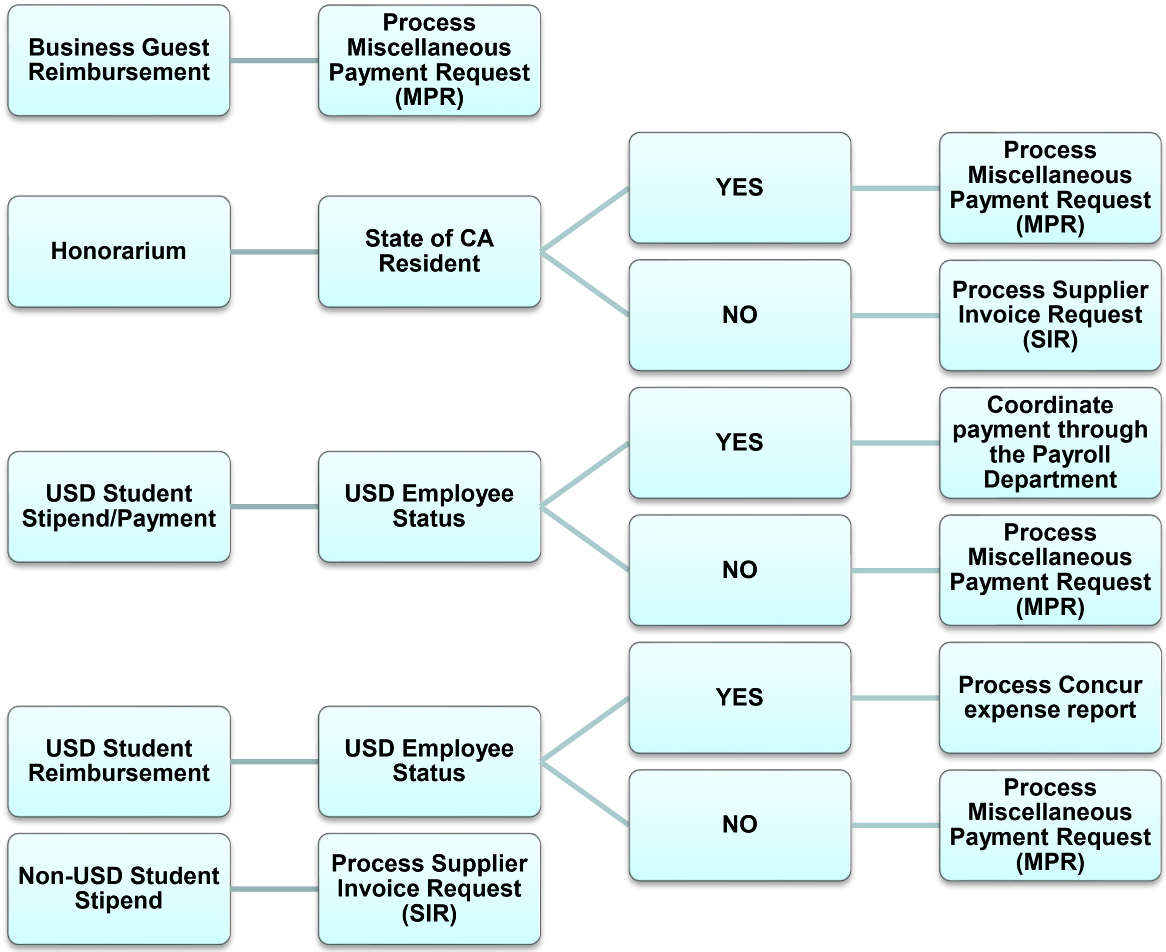
- **1099 Form** - records payments issued to non-employee for services rendered:
    - Issued to those who were paid $600+ in a calendar year
    - Applies to non-employees with a tax status of sole proprietorship, partnership, single member LLC, or partnership LLC
- **ACH** – Automated Clearing House is an electronic payment type that ensures funds are paid directly to the supplier’s or payee’s bank account
- **Amortization** – after an invoice in full, the process of allocating a lump sum payment over a defined period of time, e.g. a one-year service agreement will be amortized over a period of 12 months
- **Audit –** internal or external examination of financial transactions to ensure compliance with rules and regulations
- **Credit Memo** – document issued by the supplier to offset all or part of an invoice to correct the original invoice amount as a result of price changes or return of goods
- **Honorarium** - a small payment made on a non-routine basis to an individual who is not an employee of the University, to acknowledge the contribution of gratuitous services to the University.
- **Invoice** – document issued by the supplier requesting payment for goods delivered and/or services rendered
- **Payee** - refers to the individual receiving payment
- **Purchase Order (PO)** – official document issued by Procurement Services for approved requisitions to a supplier requesting good and/or services as detailed
- **Receipt** – electronic record generated by an end user against a PO confirming receipt of goods and/or services, authorizing payment
- **Requisition (REQ)** – a request for goods or services initiated by the end users
- **Sales Tax** – state tax applied by suppliers on invoices generated for goods sold
- **Use Tax** – state tax applied by AP to invoices for goods in which the supplier did not apply sales tax
- **Withholding Tax** – state tax applied by AP to non-CA state suppliers for annual payments exceeding $1,500

Payment Processes

Payments made on behalf of the University will fall under one of the following three processes:

- **Requisition/Purchase Order**
  - **Requisition is entered by the department. Once approved a PO is issued by Procurement Services**
  - **Required for all purchases totaling $5,000+**
  - **Required for all catalog/Unimarket purchases**
- **OneCard**
  - **Travel and entertainment expenses**
  - **Low dollar purchases of business-related goods**
- **Payment Request**
  - **Student and guest reimbursements**
  - **Honoraria**
  - **Supplier invoices that do not meet the Requisition/PO criteria**

Payment Request Method



Supplier Request (SR)

(QRG Link: Misc Payee or Supplier with Category Other)

- Miscellaneous Payees are created and maintained by AP
- Suppliers are created and maintained by Procurement

Required Documents:

- Domestic
  - Supplier form
- International
  - W-8BEN (individuals) or W-8BEN-E (business entities/organizations)
  - Wire Authorization Form
  - Supplier Form

> If the payment is being made for goods and/or services, please follow the Procurement Department's new supplier setup process: https://www.sandiego.edu/procurement/resources/quick-reference-guides.php

> If the payee is an employee do not process the SR. Contact Payroll to process their payment.

> In the justification section of the Supplier Request, please indicate the reason for payment, e.g., honorarium, USD student stipend, non-USD student stipend, etc.

Miscellaneous Payment Request (MPR)

(QRG Link:Create Miscellaneous Payment Request)

Payment Request used to pay individuals for:

- Death Benefits
- Honorarium (CA residents only)
- USD Student Stipends/Payments
- USD Student or Business Guest Reimbursements

Not to be used for:

- Employee reimbursements
- Individuals being paid through Payroll
- Payment for goods or services

Attachment Required:

- Any documentation that supports the reason for and the amount of the payment. (ie. email communication, letter, receipts, etc.)

If you have an invoice create a Supplier Invoice Request.

Supplier Invoice Request (SIR)

(QRG Link:Create Supplier Invoice Request)

Used to pay organizations or individuals for:

- Goods delivered under $5,000 not processed in Unimarket
- Services rendered under $5,000 not processed in Unimarket
- *Honorarium (non-CA residents only)
- Non-USD Student stipends

Not to be used for:

- Invoices that were authorized through a Purchase Order
- Individuals being paid through Payroll

Attachment Required:

- Supplier’s Invoice
- *Honorariums only: require the same documentation as specified for MPRs

If a supplier provides a statement, request the invoice(s).

Payment Schedule

For all payment request types, payments are processed once the request is fully approved as follows:

- ACH: Tuesdays
- Check: Thursdays
- Wire: Within 2-3 business after the final approval

Resources

Quick Reference Guides:

- Create Supplier Invoice Request
- Review and Approve Supplier Invoice Request
- Create Miscellaneous Payment Request
- Review and Approve Supplier Invoice Request
- Payment Lookup

Procedures:

https://www.sandiego.edu/finance/accounts-payable/policies.php

Contacts/Resources

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Website: https://www.sandiego.edu/finance/accounts-payable