

System-wide Policy:	
Procedure for FI0505 - Accounts Payable	
Version: 1	Effective Date: 01/22/2025

Objective

This procedure specifies various items related to Accounts Payable processes.

Scope

This procedure applies to all University employees who receive, review, or process invoices.

Procedure

- I. **Separation of Duties**
 - A. Some information related to proper separation of duties is listed below:
 1. Processing Payments. When staffing permits, the person responsible for submitting payment requests must be a separate person than the person responsible for placing orders.
 2. Approving Payments. The authorized approver for the department's accounts must approve all payment requests for appropriateness, ensure that adequate supporting documentation exists, and ensure that the cost is reasonable.
- II. **Appropriate Invoices**
 - A. Acceptable invoices include vendor invoices, charge slips, cash register receipts, or printouts of e-mail or web page transaction confirmations, provided they include the following information:
 1. Itemized description of the goods or services purchased including unit price
 2. Vendor name
 3. Transaction date
 4. Transaction total
 5. Vendor address
 - B. Order forms are not acceptable invoices. For subscriptions, however, a copy of the renewal notice or initial subscription request is acceptable.
 - C. Transactions detail from the UT Market Place is an acceptable invoice/receipt, since it is a University system and all relevant information is retained and available through this system. Electronic invoices received through the UT Market Place are also acceptable.
 - D. All invoices must be billed to the University of Tennessee and include an University affiliated delivery address for all goods procured.
 - E. Invoices written in pencil will not be accepted by the University.
- III. **Reviewing and Preparing Invoices for Processing**
 - A. The following procedures must be followed when preparing invoices for approval and payment (These requirements do not apply to electronic invoices received through the UT Market Place):

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1. Steps must be taken to ensure that the goods or services were not previously paid on a procurement card, through a previous invoice, or by another method.
 2. Invoices must be compared to (1) the delivery ticket (when available) to verify that all materials have been received and (2) the purchase order, or contract (if applicable) to verify quantities and price.
 3. If a purchase order was issued, the department requesting payment must indicate the purchase order number associated with the invoice in the University's Enterprise Resource Planning (ERP) system.
 4. If a contract was signed by an authorized University official and the vendor, the department must indicate the contract number associated with the invoice in the University's Enterprise Resource Planning (ERP) system.
 5. Invoices must be verified for mathematical accuracy. If an error is discovered, the department must either contact the vendor and request a revised invoice.
 6. Prompt payment discounts must be taken whenever possible. Invoices with cash discount terms must receive priority processing to help ensure payment within the discount period. If a difference exists between discount terms on a purchase order and those on an invoice, the discounts most favorable to the University must be taken. Discounts do not normally apply to freight items.
 7. Tennessee sales tax must be deducted. (Click here to access the Tennessee Sales Tax Certificate Exemption.)
 8. The account number and appropriate general ledger (G/L) account(s) to be charged must be entered into the Enterprise Resource Planning System and the invoice must be attached to the invoice record in the Enterprise Resource Planning System.
 9. The actual invoice must be marked paid, scanned, and attached to the applicable Enterprise Resource Planning System transaction. It will then be routed to the employee authorized to approve expenditures for the department. This individual must review the accounting information, review the attached invoice, and approve or reject the transaction
- B. Before processing certain types of invoices, the following special requirements must be noted:
1. For movable equipment and sensitive minor equipment, an asset record must first be created in the University's accounting system. For more details, see FI0605 - Equipment.
 2. For entertainment expenses, invoices must contain all information identified in FI0715 - Entertainment, Group Arranged Events, Food and Housing Purchases for UT Sponsored Conferences and Seminars.
 3. For printing documents for distribution outside the department, such invoices (charged to G/L 533100) must contain a publication authorization number.

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Contact the designated campus or unit department for information on obtaining this number (or waiver from obtaining a number).

4. For invoices/payments to international vendors, a "Statement for Services" form must be attached.

IV. Invoice Entry

- A. Departments are responsible for entering most invoices.
- B. The UT System Accounts Payable Office must enter the following types of invoices:
 - 1. Invoices with the amount to be paid shown in a foreign currency. Departments are responsible for paying any currency conversion fees.
 - 2. Invoices to non-resident aliens, even if the amount is in U.S. dollars. All non-resident aliens must complete the university's "University of Tennessee Independent Contractor/guest Traveler Form" and attach all applicable documents listed on the Payroll Office's website for non-resident aliens <http://payroll.tennessee.edu/nraic.htm> before any payments can be processed. These documents must be attached to the invoice and forwarded to the Treasurer's Office.

V. Invoice Processing

- A. The Treasurer's Office or campus/unit business office must review invoices for payment of travel expenses paid directly to a vendor. (See FI0705 - Travel.)

VI. Electronic Invoices

- A. Certain vendors in the UT Market Place will transmit electronic invoices for orders placed in the UT Market Place. These will be charged to the account(s) associated with the order, after the department indicates that the goods have been received.
- B. Departments must mark the goods as "received" in the UT Marketplace, or the invoice will not be paid.
- C. Suppliers will send invoices to the University through the University's ERP system.

VII. Refunds (from a Supplier to the University)

- A. If a supplier issues a refund to the University, the department that receives the refund will forward applicable documentation and the refund check to the UT System Accounts Payable Office.
- B. The Accounts Payable Office will process the refund in the ERP system.

Penalties/Disciplinary Action for Non-Compliance

Violations of this procedure could result in progressive disciplinary actions, up to and including termination.

Responsible Official & Additional Contacts

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Subject Matter	Office Name	Telephone Number (xxx) xxx-xxxx	Email/Web Address
Policy Clarification and Interpretation	Tisha Marshall	865-974-0592	tishamarshall@tennessee.edu

Related Policies/Guidance Documents

FI0150 - Approvals

FI0120 - Records Management

FI0450 - Moving Stipend

FI0605 - Equipment

FI0705 - Travel

FI0715 - Entertainment, Group Arranged Events, Food and Housing Purchases for UT Sponsored Conferences and Seminars