Accounts Payable Financial Managers Certification Course

Presented by
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The primary purpose of this presentation is to provide an overview of Accounts Payable.
The Overview Will Include…

- Creating a Vendor
- Forms of Payment – Life Cycle
- Receiving
Creating a Vendor

• In order to pay a vendor, the vendor must be set up in the FAMIS Accounting System or BAM.

• Generally Accepted Accounting Principles and State Law requires that an Encumbrance be made prior to a purchase. There are very few exceptions.

• Types of Vendors – US Vendors, Foreign and Temporary
Timing of Vendor Set Up

• Accounts Payable services the entire Campus Community.

• Allow Accounts Payable enough time to process the Vendor into the system. – BAM and future changes.

• Each form takes time to review and validate the company or individuals before allowing them into the FAMIS or BAM system.
Vendor Creation

There are two types of forms that can create a vendor in the FAMIS or BAM systems. These are the forms that are required by the Internal Revenue Service. These are not TAMUCC forms.

• **W-9** - Individuals and Companies

• **W-8Ben** – All foreign Individuals and Companies

• One other exception is the Temporary Vendor process.
Vendor Create Form (W-9)

Why is it important to have a vendor complete a W-9 form?

- W-9 is required by law or TAMUCC is required to withhold from the Vendor’s payment, 28% per the IRS regulations. TAMUCC Policy is to never create a vendor without a proper form of identification.

Why? The University is required to withhold 28% tax from reportable vendor payments, if a Taxpayer Identification Number (TIN), Social Security Number (SSN) or Employer Identification Number (EIN) is not provided in advance of payment.

Accounts Payable checks the following before a Vendor can be Validated:

1. Verify Vendor Form – W-9
2. IRS Check
3. Visual Compliance - Cannot conduct business with companies or individual if on the Homeland Security restricted list
4. Postmaster – Legitimate and verifiable address
IRS Penalties – Please note this!

**IRS Fines/Penalties**

**Failure to furnish TIN.** If the vendor fails to furnish the correct TIN to a requester (TAMUCC), the company could be subject to fines/penalties. TAMUCC, could also be subject to fines, if the correct classification of entity and whether or not they are exempt from 1099’s is definable based on the W-9.

**Civil penalty for false information with respect to withholdings.** If a vendor makes a false statement with no reasonable basis that results in no backup withholdings or errors in reporting 1099 information to the IRS, they along with TAMUCC are subject to fines/penalties.

**Criminal penalty for falsifying information.** Willfully falsifying certifications or affirmations may subject a vendor to criminal penalties including fines/penalties and/or imprisonment.

**Misuse of TINs.** If the requester discloses or uses TINs in violation of Federal Law, the requester may be subject to civil and criminal penalties.
The IRS has a special form for Foreign Vendors similar to W-9. It is called a **W-8Ben** – Accounts Payable handles this form in the same manner as a W-9. This is an IRS requirement.
Direct Deposit - Vendor

- The University prefers that we pay vendors by ACH or laymen's terms – Direct Deposit.
- This requires a particular form to be filled out by the Vendor
- Must have email for notification.

http://purchasing.tamucc.edu/assets/Direct%20Deposit%20Authorization%20form.pdf
Where are the Forms located for Creating a Vendor?

http://purchasing.tamucc.edu/accounts_payable/online_forms.html
Any Questions?
Accounts Payable – Payment Processing

The Famis System allows Accounts Payable to process a payment if the following exists:

- L’s, P’s, E’s and Voucher Creates – Please contact Purchasing Dept. or Contracts Dept. to understand what is needed to initiate these forms or create these forms.
- A user would need to have access to Famis to Create L’s, P’s, and E’s.
- The Voucher Create Form is used for Exceptions and Reimbursements or internal payments such as Utilities.
- Please refer to Purchasing rules as to which form to use.

If a Voucher Create is used to purchase merchandise or Service that is not encumbered, it is considered to be an “After The Fact” Purchase and is out of compliance with University Policy.
Accounts Payable Payment Types

- Paper Check
- ACH – Direct Deposit
- Wire Transfers

Once the L, P or E has been routed and approved, then the order can be placed. The L, P, or E should contain information that the invoice should go to Accounts Payable. **Invoices must have L, P, or E number on them or Payment could be delayed.**

Accounts Payable has three methods to receive an invoice:

- Fax 361-825-2884
- Accounts.Payable@tamucc.edu (the preferred method)
- US Mail - Unit 5733
- Or Walk it over if it is HOT – Contact Accounts Payable x2780
Voucher Create Form

- When should a voucher create be used?
- How to complete a Voucher Create Form

Voucher Create Form
If you don’t see your payment going thru! What to do!

- Pick up the phone and call us x2780.
- Email us directly but always copy Accounts.Payable@tamucc.edu
- Remember that we serve the entire campus community.
Three Way Match to Process Payment

1. Purchasing Document
2. Invoice from the Company or Individual
3. Receiving by the Department

If these three items are not accomplished, a payment can not be processed in FAMIS.

Are you doing Receiving?
Is it Prompt and exactly what you ordered?
Contact Accounts Payable if there are issues.
Congratulations!!!!

You have completed the Accounts Payable Overview for the Financial Managers Certification – Other Financial Matters Session ….

One more thing…

Take your TEST!!!!

GOOD LUCK!