



Applies to: Faculty, staff, students, visitors, and vendors

Responsible Office

Business and Finance

POLICY STATEMENT

Central Ohio Technical College (COTC) has a responsibility to adhere to GASB (Governmental Accounting Standards Board) Standards, Guidance, and Pronouncements in respect to all financial activity incurred by the college. COTC is audited annually by a third party to ensure that the college remains in compliance with GASB. This is to be a guide to ensure accurate and timely reporting and recording of all college expenditures and that COTC remains in compliance with Internal Revenue Service Guidelines concerning Reportable Income with issuance of a 1099 form.

Purpose of the Policy

To establish procedures for review and payment of invoices for goods and services purchased by the college.

Definitions

Term	Definition
Reimbursement	Paying back money that was spent on behalf of the college.
Refund	Paying back money that has previously been paid to the college.
Vendor	Any entity (company or individual) paid through Accounts Payable
Vendor Maintenance	The process of adding and/or updating information for a new or existing vendor.

Policy Details

- I. General Overview
 - A. Accounts Payable within the Business and Finance office is responsible for printing and distributing checks in payment for goods and services purchased by college departments.
 - B. Goods and services are purchased in several ways, depending upon the type of purchase and the supporting documentation required. As detailed in this policy, Accounts Payable makes payments either:
 1. Against a purchase order and its associated invoice(s), or
 2. Through a non-purchase order voucher for mileage and pcards.
 - C. Regardless of the payment method, departments must review all invoices or other payment related documents in a timely manner to ensure that charges are legitimate and should be paid by initialing the invoice or by emailing the approval to cotcinvoices@mail.cotc.edu.

PROCEDURE

- I. Payment of Invoices against a Purchase Order
 - A. Vendor Responsibilities
 1. If an invoice is to be paid against a purchase order, the vendor should send the invoice directly to Accounts Payable either by mail: Central Ohio Technical College, ATTENTION: Accounts Payable, 1179 University Dr., Newark, OH 43055 or email: cotcinvoices@mail.cotc.edu.
 2. If the vendor sends an invoice directly to a department, it should be forwarded immediately to Accounts Payable.
 3. Ensure that the purchase order number is accurately identified on all invoices.
 - B. Department Responsibilities
 1. Verify that the goods and services received match the purchase order.
 2. Verify that the goods and services are satisfactory and are in good working order.
 3. Provide written approval for payment if applicable (see below).
 - a. Invoices that are \$1,000.00 or less which match the purchase order do not need departmental approval for payment.
 - b. Invoices over \$1,000.00 require departmental approval before payment is issued.

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- c. Invoices for payments against blanket purchase orders require departmental approval, irrespective of the dollar amount.

C. Accounts Payable Responsibilities

1. Make timely payment on original invoices whether received via mail or email in accordance with the terms of the purchase order. Payments are not made using other documents including but not limited to; job quotes, estimates, sales orders or packing slips.
2. Ensure that the invoice and purchase order match in price and quantity before payment is made. Invoices that fail the match process are sent to the requisition initiator for resolution.
3. Ensure that the invoice and purchase order match in company name. Payment can only be made to the vendor listed on the purchase order which must match the name of the billing company.
4. Record the Colleague generated voucher ID on approved invoice files in Perceptive Content.
5. Make payments following the stated terms of the purchase order, (e.g., Immediate, Net 10, Net 30, etc.) at the discretion of the accounting manager.
 - a. Immediate – the payment is in the next check run following processing and approval of the invoice.
 - b. Net 10 – the payment is sent 10 days from the invoice date, contingent upon approval.
 - c. Net 30 – the payment is sent 30 days from the invoice date, contingent upon approval.

II. Payment through a Non-Purchase Order Voucher

A. Overview

1. Items purchased using non-purchase order vouchers do not require a requisition and are not part of the encumbrance process.
2. Non-purchase order vouchers encompass all payments not associated with a purchase order or credits processed by Accounts Payable.
3. The most frequently occurring non-purchase order vouchers are:
 - a. Mileage reimbursements (employee)
 - b. Payroll withholding payments
 - c. Credit memos
 - d. Other exceptions at the discretion of the accounting manager.

III. Non-Resident Aliens

- A. A non-resident alien is defined by the Internal Revenue Service as an individual who is not a U.S. citizen or a resident alien. A resident of a foreign country under the residence article of an income tax treaty is a non-resident alien individual for purposes of tax withholding.
 1. COTC is required to follow the regulations provided by the Internal Revenue Service. Certain documentation is required for all payments made to non-resident alien non-employees for reimbursements, honoraria and services.
 2. Visas are documents issued by the U.S. Department of State which give the alien permission to enter the United States for specific purposes. Visas must be applied for and granted at U.S. Embassies abroad prior to traveling to the U.S. Upon entering the U.S., the non-resident alien is assigned a “visa status” which corresponds to the visa type used to enter the country. A non-resident alien may enter the U.S. with a different visa status for each visit. The visa status in effect for the current trip to the U.S. (for which the non-resident alien is to receive payment) is very important because payments cannot be made to non-resident aliens with certain visa types. A non-resident alien must have the appropriate visa status to receive compensation or reimbursement of travel expenses. It is illegal to make payments to non-resident aliens with certain visa types.
 3. Documents required to add a non-resident alien as a vendor for reimbursements (only) are as follows:
 - a. Substitute W-9 Form
 - b. Enter in the comment section the type of payment to be made (e.g., reimbursement, etc.)
 4. Documents/information required before payments can be processed to non-resident aliens for honoraria or for services are:



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- a. Substitute W-9 Form
 - b. Enter in the comment section the type of payment to be made (e.g., reimbursement, honorarium, services, etc.). If all services are performed outside the U.S., state this information in the comments.
 - c. Visa
 - d. Passport
 - e. Non-resident's email address
 - f. Completion of Glacier Tax system which will determine tax status. See Tax Compliance Section XI for further information.
 - g. Non-resident alien's permanent address in their foreign country, which is required for IRS Form 1042 reporting.
5. Although a non-resident alien's country of residence has a tax treaty with the U.S. their payments may not be exempt from tax due to their visa status.
 6. A purchase order number is required for payments or reimbursements.
 7. If a non-resident alien does not complete submission of their tax status via the Glacier System, tax will be withheld from payments at 30%.

IV. Check Distribution

- A. It is the policy of Accounts Payable to mail all checks to the "remit-to" address as shown on the vendor invoice. Exceptions may be made to this policy by Accounts Payable if notified in writing with a justification for a department unit to pick up a check. The person picking up the check will be required to sign for the check and assumes responsibility for proper delivery of the payment to the vendor. Such special handling of a check should be done infrequently as an exception, not the rule.

V. Electronic Funds Transfer (EFT)

- A. Electronic Funds Transfer for Employees
 1. COTC reimburses employees via EFT if they have signed up for direct deposit for accounts payable (payroll direct deposit is a separate function and is not related to accounts payable). This can be done through employee self-service. If the employee does not have direct deposit, Accounts Payable will issue payment via check and mail via USPS.
 2. If the funds for an EFT are returned to the college, Accounts Payable will receive notification from the bank. Accounts Payable will then follow up with the payee and will reissue the payment when all issues are resolved.
- B. Electronic Funds Transfers for Companies
 1. A company cannot mix payment types (some EFT and some by check). They must all be EFT or all checks.
 2. Once a company has been established as a vendor by Purchasing, they can sign up for direct deposit by filling out the online form found on the Business and Finance website.
 3. Once the vendor has been established for EFT, they will continue to receive checks until all the vouchers already in the system prior to entering the EFT information have been paid. The vouchers entered after the set-update will pay via EFT.

VI. Automated Clearing House (ACH)

- A. ACH transactions are used for payroll tax payments and other payroll deduction payments.
- B. The Payroll department must process a journal entry to record the payments made.
- C. The journal entry must:
 1. Have appropriate supporting documentation (e.g., invoice, completed payment request, etc.).
 2. Be approved by the accounting manager or the controller.
 3. Be forwarded to the accountant for processing.

VII. Wire Transfers

- A. To initiate a wire transfer, department personnel must contact Business and Finance who will assist with this process.
- B. Personnel should be ready to provide the following:



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1. Appropriate supporting documentation.
2. Receiving bank account information (e.g., bank account number, routing number, SWIFT code, etc.).
3. The wire transfer must be approved only by the controller, vice president of business and finance, or the president of COTC.

VIII. Discounts and Credits

A. Discounts

1. Discounts are a vendor's agreement to reduce the cost below the published price of goods or services.
2. Discounts offered on a vendor's invoice will be taken by Accounts Payable regardless of the purchase order terms.
3. Timely approval of the invoice by the department unit will optimize the college's ability to earn discounts.

B. Credits

1. Credits represent funds due the college because of a previous overpayment to a vendor or agreements by the vendor that goods were not received or were unsatisfactory.
2. Credits are often in the form of a credit memo which is the vendor's written statement that the money is owed to the department and that the college has the right to pay a certain amount less when the next check is issued to that vendor.
3. Credit memos are applied as net/immediate.
4. If a credit is received via a refund check from the vendor, the unendorsed check must be sent immediately to Accounts Payable. The check will be endorsed, deposited, and a credit to expense will be recorded in the department's account provided the refund is received in the same fiscal year that the original payment occurred.
5. Credits do not add funds back to the purchase order or the encumbrance record within the general ledger.

C. Uncollectible Vendor Credits

1. All reasonable efforts will be expended to collect on vendor balances owed by vendors to the college.
2. However, it may not be possible to collect on credit balances with vendors who no longer actively do business with the college. Accounts Payable will contact the vendor asking for a refund in the form of a check or electronic payment.
3. Outstanding vendor credit balances will be reviewed regularly throughout the year and vendors contacted regarding collection.
4. Annually, at fiscal year-end (June 30), all outstanding vendor credit balances will be analyzed to identify potential uncollectable balances.

D. Unidentified Refunds

1. Unidentified refunds are payments received from vendors which lack the necessary clarity as to the proper accounting treatment.
2. All refund receipts are to be deposited per COTC's cash handling procedures.
3. Every effort is spent to analyze refund checks received to properly identify the treatment necessary to ensure funds are correctly applied in the college financials.
4. After all reasonable efforts have been expended to identify the appropriate accounting treatment for a refund and it is still undetermined, the refund is to be credited temporarily to the designated miscellaneous revenue account.
5. If the refund is later identified and confirmed within the same fiscal year, the refund will be reclassified to the correct revenue account.

IX. Payments in Foreign Currency

A. International Wire Transfers

1. An international wire transfer must be payable to an individual or a business outside of the United States but not sanctioned per the U.S. Department of the Treasury. The country on the address must be consistent with the currency requested. To process an international wire, the following information is needed:



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- amount, account number where funds are to be deposited, IBAN code, SWIFT code, and the registered name associated with the bank account.
- 2. An international wire must be requested with all necessary information included by the appropriate approver via an e-mail to the accounting manager.
- X. Lost/Stolen Checks and Stop Payments
 - A. For checks suspected of being lost or misdirected, a waiting period of 7-10 days is required before Accounts Payable will issue a stop payment request with the bank.
 - B. For checks suspected stolen, the vendor should contact its bank and report it to the appropriate law enforcement agencies. If the suspected check has not cleared the bank, a stop payment will be issued, and the check will be voided and reissued.
- XI. Reimbursements and Refunds
 - A. All reimbursements and refunds are processed via the purchase order system except for mileage reimbursements.
 - B. Documentation for reimbursements and refunds must be accompanied by receipts.
 - C. Payments are to be made in accordance with the college business expenditure policies.
- XII. Vendor Maintenance
 - A. Purchasing will not create a new vendor until a completed Substitute W9 Form is received. The Substitute W9 Form must be filled out completely and signed by the vendor.
 - B. Additions or changes to the vendor are initiated through the Purchasing department except for employee vendor information which is initiated through the Payroll department.
 - C. Refer to the Non-Resident Aliens (Section III.) regarding vendor maintenance policy for non-resident aliens.
- XIII. Tax Compliance
 - A. Non-Employee Compensation and Miscellaneous Income (Form 1099-NEC & 1099-MISC)
 - 1. The college follows Internal Revenue Service guidelines for reportable income regarding the issuance of a 1099.
 - 2. Vendors who receive reportable payments that when totaled are equal to or greater than the threshold for a particular reporting class will be issued a 1099.
 - 3. 1099 forms are issued by the end of January for the prior calendar year.
 - 4. Reimbursements are not considered taxable income.
 - 5. Invoices that combine services and reimbursable items must be itemized individually when submitting the payment.

Responsibilities

Position or Office	Responsibilities
Accounts Payable within Business and Finance	Printing and distributing checks in payment for goods and services purchased by college departments. Follow IRS guidelines to issue 1099 forms.
Purchasing within Business and Finance	Establish and maintain vendor information and process purchase orders.
Payroll within Business and Finance	Maintain employee vendor information.
All departments	Provide proper documentation for purchases and provide payment approval as needed.
Vendors	Complete the required vendor payee forms and submit invoices to Accounts Payable for processing.



Accounts Payable, 3.1.02

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Resources

- [COTC Business and Finance](#)
- [Glacier Tax Compliance System](#)
- [Internal Revenue Service](#)
- [U.S. Department of the Treasury](#)

Contacts

Subject	Office	Telephone	E-mail/URL
General policy questions	Business & Finance	740-755-7083	ross.2190@cotc.edu
General policy questions	Business & Finance	614-247-1396	koonts.7@mail.cotc.edu
Policy questions pertaining to vendors	Business & Finance	740-366-9234	hahn.159@mail.cotc.edu

History

All changes must be listed sequentially, including edits and reviews.

Issued: Unknown

Revised: 07/2015

Edited: 04/2026