



KENTUCKY STATE UNIVERSITY POLICIES AND PROCEDURES

POLICY TITLE:

Accounts Payable and Cash Disbursements Policy

VOLUME, SECTION & NUMBER:

ENTITIES AFFECTED:

All Divisions and Departments

ADMINISTRATIVE AUTHORITY:

Finance and Administration

APPROVED BY:

Kentucky State University Board of Regents

EFFECTIVE DATE:

August 9, 2024

POLICY STATEMENT:

The primary objective of accounts payable and cash disbursements is to ensure that disbursements are properly authorized, invoices are processed in a timely manner, and vendor terms and operating cash are managed for maximum benefit.

Internal control over disbursements is best maintained when the authorization, processing, check signing, recording, and bank reconciliation functions are clearly separated. Invoices will be supported by receipts and approvals indicating receipt of goods or services. The use of pre-numbered checks ensures numerical control. Persons authorized to approve expenditures will be identified, and threshold limits will be established.

This policy establishes the Kentucky State University (KSU) payment process to ensure good internal controls, prevent fraud and conflicts of interest, enhance administrative efficiency, and minimize costs.

PROCESS:

KSU's President and CFO have signatory authority to disburse funds from KSU accounts. Authorized check signers shall never sign blank checks.

All invoices are subject to budget authority and approval limits, as defined in the Purchasing Policy and related procedures. Authorized approvers are prohibited from approving their own transactions. The budget must be available, and approvals must be documented, before invoices are processed for payment.

Employees, suppliers, and other payees will be paid in accordance with the terms set by KSU or the pertinent contractual agreement. KSU's default payment terms are net 30 days. Terms are calculated from the date on which KSU receives an invoice.

Vendors must provide taxpayer identification information before any payment will be issued to them. Vendor invoices and credit memos should be sent directly to KSU's Accounts Payable Department and the vendor's KSU contact to ensure timely payment.

Checks and other forms of payment will be made directly to the payee. Checks may not be released to the requester to present to the payee. In unique and infrequent circumstances, where special handling of a check is requested, such handling must be approved by KSU's Controller.

Wherever possible and practical, vendor payments and employee reimbursements shall be made via direct deposit.

RELATED POLICIES:

Purchasing Policy

Business Policies and Procedures Manual
