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Accounts Payable	ACA Standards: 4-4031		
Joe M. Allbaugh, Director Oklahoma Department of Corrections		Signature on File	

Accounts Payable

This procedure is established to ensure the agency's obligations are satisfied in accordance with Oklahoma State Statute and rules established by the Office of Management and Enterprise Services (OMES). (4-4031)

I. General Guidelines

A. Purchase Orders

A valid purchase order established per [OP-120103](#) entitled "Acquisitions and Dispositions" is required before goods or services are ordered and received by the agency/facility/district/unit. Invoices for goods and services must be processed against a valid purchase order (62 O.S. § 41.16).

B. Account Codes

The affected business manager is responsible for ensuring the correct account code is used on all expenditures. Account codes and descriptions can be found at:

http://www.ok.gov/OSF/Comptroller_and_Budget.html

1. The account code(s) must be determined when the purchase order is initially created. If multiple products or services are procured on the same purchase order, a separate line is required for each account code.

2. In the event an incorrect account code is used, the business office must request a correction through Accounts Control.

C. Prohibited Payments

The following payments are prohibited:

1. Payment of prior fiscal year expenditures with current year appropriated funds and payment of current fiscal year expenditures with prior fiscal year appropriated funds.
2. Advanced payment for goods and services except those authorized per Section III. item A. of this procedure. (Const. Art 10, Sec. 15 and 74 O.S. § 85.44B.).
3. Payment of personal organizational memberships or dues is not normally authorized (A.G. Opinion 63-247, 79-38, 80-59, and 80-261). Certain exceptions are:
 - a. When the fee is for a specific position requiring such membership and is in the name of the person holding that position. The membership must be transferable.
 - b. When membership can be shown to be in the best interest of the agency due to discounts on job-related training. The discounts obtained must be more than the cost of the membership.
 - c. When specific coverage of individual memberships are within the terms of a grant contract. A copy of the pertinent section of the grant contract must be included when submitting the claim for payment.
 - d. When the agency has been approved to enter the OMES Human Capital Management Model Project. The exception must be granted by OMES Human Capital Management.
4. Transfer of monies to an agency special or clearing account via the claim process from other treasury funds without specific approval from OMES. The agency is approved to replenish funds used for offender medical care paid through the 1131N agency special account by the contracted third party administrator.
5. Purchase of gifts unless specific statutory authority exists (Const. Art 10, Sec. 14 & 15).

D. Receipt of Goods and Services

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An agency employee must acknowledge the receipt of goods and services. Acceptable methods include:

1. Notating "received" with employees' signature on the Bill of Lading or packing slip;
2. Notating "received" with employees' signature on the invoice when invoice is received upon delivery of the goods and services;
3. Completion of a "Receiving Memorandum" ([Attachment A](#), attached) at the time of delivery signed by an agency employee; and
4. Acknowledgement of receipt on an e-mail or any other type of written correspondence from an agency employee.

E. Invoices

Facility/district/unit financial managers will ensure a valid invoice is received from the vendor for all goods and services received by the agency. When submitted for payment, this document will serve as the official state record of the transaction. The invoice must include:

1. The vendor's name as it appears on the purchase order. Vendors who do business under multiple business names, but under the same Tax Identification Number, must be set up as such in the state accounting system and the proper location must be used on the initial purchase order;
2. A remit address for payment;
3. A detailed description of the goods or services provided at a level that can be determined by an outside reviewer that will not have direct knowledge of the transaction. If the vendor does not provide a description on the invoice, the financial manager must include a written description of the purchase on the invoice before it is submitted for payment;
4. The number of units purchased and a price per unit when applicable. If the vendor does not provide the information on the invoice, it must be documented by the financial manager submitting the invoice for payment;
5. A total amount void of past due charges and taxes; and
6. A legible invoice date, invoice number, and service date if applicable.

II. Payment Process

All payments for goods and services from state appropriated funds and agency revolving funds will be processed by Finance and Accounting through the Office of Management and Enterprise Services (OMES) using the state enterprise accounting system.

A. Transmittal Forms

Invoices will be submitted to Finance & Accounting by the responsible financial manager on an agency "Accounting Document Transmittal" form ([Attachment B](#), attached) within ten working days from receipt by the agency.

1. Each financial manager is responsible for maintaining a sequential transmittal numbering system for their funding units. The numbering system will start new each fiscal year.
2. Multiple invoices can be represented on one transmittal form. Invoices are to be attached in the order which they appear on the transmittal.
3. Attachments will consist of the original invoice described in Section I. item E. of this procedure including any documentation required to prove receipt. If additional receiving documentation is not provided, the business office staff approval for payment may serve as the verification that all goods and services have been received.
 - a. If the original invoice is not available, the submitted copy must be marked "original not available."
 - b. When a vendor's invoice requires alteration of quantities and/or amounts, the business office must contact the vendor to obtain a correct invoice. If obtaining a correct invoice is not feasible, the business office may alter the invoice after conferring with the vendor. The invoice must state "altered invoice" and the name of the person contacted with a date of contact must be included.
4. Invoices are to be submitted against the proper purchase order ready for payment. Invoices will be maintained at the facility/district/unit until the purchase order is in a "dispatched" status with adequate quantity and funding.

B. Payment of Invoices

Invoices will be processed by Finance and Accounting within five working days of receipt using the state enterprise accounting system.

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1. Transmittals must be date stamped when received at Finance and Accounting and distributed to the assigned staff.
2. Invoices are entered into the state enterprise accounting system as vouchers and invoices are scanned into the system and attached to the voucher. The scanned documents become the official state record of the transaction.
3. The original documents are maintained by Finance and Accounting in accordance with [OP-020202](#) entitled "Management of Office Records."
4. Finance and Accounting will mail warrants and remittance copies to vendors within two business days of the receipt of printed warrants.

III. Special Procedures

A. Advanced (Pre) Payments

Title 74 O.S. § 85.44B states; "payment of goods and services by a state agency, whether or not such state agency is subject to the Oklahoma Central Purchasing Act, shall be made only after products have been provided or services rendered." In certain instances, the advanced payment rules are waived.

1. Payments for subscriptions to magazines, periodicals, books, or other subscription services may be made up to six weeks prior to the subscription commencement or expiration period unless service is at risk of being interrupted, then payment will be accepted at a reasonable period of time in advance of the six weeks.
2. Contract payments for the lease of office or storage space may be processed up to one week prior to the ensuing lease period to ensure payment arrives on the due date. However, lease payments due at the beginning of the fiscal year cannot be processed until the budget is approved.
3. Registration fees may be paid in advance if a discount is offered for advanced payment. The vendor must also allow substitutions and provide a complete refund if the event is cancelled. However, the advanced payment cannot be from a fiscal year prior to the event.
4. Payments for certain goods or services in which failure to pay in advance would preclude the agency from contracting for those goods or services. These type of payments require preapproval from the Office of Management and Enterprise Services before processing and include:
 - a. Payments to the U.S. Government requiring prepayment;

- b. Payments to fair boards and other organizations for booth rental at shows for the purpose of advertising or promoting the agency will be considered by OMES if the facts of such prepayment requirement are properly documented;
- c. Registration fees for conferences, meetings, seminars, and similar events whereby in special situations an organization requires preregistration along with payment and by standard policy will not accept a state purchase order/contract in lieu of payment. Documentation on the vendor's stationary describing this fact must be provided for consideration of approval or disapproval; and
- d. Payments for maintenance agreements can be authorized if the market is such that prepayment is standard and there is no reasonable alternative for payment. Documentation to justify prepayment will be required before authorization is given.

B. Employee Reimbursement (Non-Travel)

Employees may be reimbursed for miscellaneous emergency purchases or purchases not available through their agency's normal purchasing procedures.

1. Such a purchase must be an official state expense and must have met the same requirements (other than prior encumbrance) as though the agency had made the purchase.
2. Such purchases must be approved by the warden/district supervisor/unit head and be accompanied by evidence of payments (Title 74 O.S. § 250.6.).
3. A "Notarized Claim Form OSF Form 3" must be submitted with all attached documentation for payment. Claims over \$100 must be accompanied by written justification for the purchase. Employees will receive the reimbursement as a direct deposit to their named financial institution.

C. Employee License or Certificates

1. The employee must pay for license or certificates from a licensing board or association when it is required as a prerequisite to gaining employment in a particular position. Expenses incurred by the job applicant, and those incurred by the employee in obtaining the license and any subsequent renewals must be paid by the individual. Examples include but are not limited to licensed

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plumbers or electricians, attorneys at law, doctors, nurses, or engineers.

2. The agency may pay for licenses or certificates that are not a prerequisite to employment; but are required in the actual assignment of duties, or if the employee is assigned responsibilities which do require them to obtain and hold a particular license or certificate. Examples include a maintenance employee who is required to obtain a herbicide application license or a secretary who is required to act as a notary public.
3. The agency will not pay for licenses required and commonly held by the general public for personal purposes such as an operators drivers license even when an employee may be required to possess a valid license to operate a state motor vehicle. The agency is authorized to reimburse an employee of the Department of Corrections for any cost associated with initially obtaining or renewing a commercial driver license, if a commercial driver license is necessary for that employee's performance of official duties for the Department of Corrections.

D. Prime Vendor Food Distribution (SW00156)

Payment of invoices against SW00156 will be expedited to ensure the agency receives the prompt pay discounts authorized in the contract.

1. When delivery is received, the invoice will be signed by the receiving employee. The signature must be legible.
2. The invoice will be sent the same day of delivery by email to accounts.payable@doc.state.ok.us.
3. Finance and accounting will process the invoice for payment that day if received by 3:00 P.M. or the following day if received after 3:00 P.M.
4. All original invoices will be sent to Finance and Accounting at least once a month by mail.

IV. References

Policy Statement No. P-120100 entitled "Management of State Funds and Assets"

OP-020202 entitled "Management of Office Records"

OP-120103 entitled "Acquisitions and Dispositions"

Const. Art 10, Sec 14 & 15

A.G. Opinion 63-247, 79-38, 80-59, and 80-261

Office of Management and Enterprise Services Statewide Accounting Manual

74 O.S. § 85 "Central Purchasing Act"

74 O.S. § 250.6

62 O.S. § 34 "Oklahoma State Finance Act"

62 O.S. § 41.16

57 O.S. § 528.5

<http://www.ok.gov/OSF/Comptroller/index.html>

V. Action

The chief financial officer is responsible for compliance with this procedure.

The chief administrator of Business Services is responsible for the annual review and revisions.

Any exceptions to this procedure will require prior written approval from the director.

This procedure is effective as indicated.

Replaced: Operations Memorandum No. OP-120503 entitled "Non P/Card Purchases" dated July 3, 2014

Distribution: Policy and Operations Manuals
Agency Website

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<u>Attachments</u>	<u>Title</u>	<u>Location</u>
Attachment A	"Receiving Memorandum"	Attached
Attachment B	"Accounting Document Transmittal"	Attached