COLLEGE OF CHARLESTON
POLICY AND PROCEDURES

NUMBER: 1.00
TITLE: REGULAR DISBURSEMENTS
OWNER: CONTROLLER’S OFFICE
ORIGINATED: 03.17.07
REVISED: 04.24.08

POLICY STATEMENT:

The Accounts Payable Unit of the Controller’s Office will process all payments for the College’s legally incurred, non-payroll obligations of goods and services in accordance with State/Federal laws and regulations as well as other policies and procedures of this institution.

SCOPE:

This policy applies to all funds financially administered by the College of Charleston.

BACKGROUND:

The following excerpt comes from the S. C. Comptroller General’s disbursement policies. “Section 11-13-45 of the Codes of Laws of South Carolina reads as follows: . . . The expenditure of funds by state agencies from sources other than General Fund appropriations shall be subject to the same limitations and provisions of law applicable to the expenditure of appropriated funds with respect to salaries, wages or other compensation, travel expense, and other allowances or benefits for employees. . . . The sections of the Code cited above have been interpreted to mean that all monies deposited in the State Treasurer's Office are ‘State’ monies regardless of their source of origination. This means that all State rules, regulations and laws applying to the disbursement of appropriated funds apply to all other funds deposited in the State Treasurer's Office.”
PROCEDURES:

I. General Requirements

A. Timeliness of Payments

The College has established general invoice processing timeframes—five to seven days—appropriate (e.g. for credit ratings, customer demands, etc.) to its environment and more expeditious than the State mandates provided all required documentation accompanies the invoice. However, for interest and penalty purposes, State law allows for the payment of all invoices for goods and services within 30 workdays from the satisfactory receipt of the goods and/or services or a valid invoice, whichever is later. Interest not to exceed the annual rate allowed by the State will be levied against the College for the unpaid balance beginning on the thirty-first (31st) workday. This rule does not apply to reimbursements to State employees and payments to State agencies. See also Section IX. Interest Expense.

B. Types of Payments

The Controller’s Office - Accounts Payable Unit primarily processes four types of orders for payment: the purchase order, expense authorization, travel authorization and inter-(intra-) departmental transfer. In addition, student refunds are processed as direct feeds from the Student Information System.

1. Purchase Orders are issued by the Purchasing Office and result in automatic feeds to the accounts payable system. Once an invoice is received, all items on the invoice are verified for validity to the purchase order. If differences exceed the allowable limits, a buyer approval is required from the Purchasing Office.

   a. Invoices with Regular Purchase Orders

      1) An approved Purchase Order (See the Purchasing Procedures).

      2) An original, valid invoice. A valid invoice lists the vendor’s name and address as well as the date(s) of service/shipment, itemized description(s) of goods/services, and amount(s).
3) A receiving report or documentation with an authorized signature verifying receipt.

4) Vendor’s Federal Identification Number (See related policy on Tax Payer Identification Number).

b. Invoices with Blanket Purchase Agreements/Orders

These type orders require the same information as above except for there may be no specified dollar limits, and they require payment authorization by the department.

2. Expense Authorizations (EA’s) approve purchases exempt from the State Procurement Code. They allow for processing direct payments to vendors and are sent straight to Accounts Payable, as opposed to Purchasing. Many direct purchases of this nature may be paid with the procurement card. Please check the College’s Procurement website at http://www.cofc.edu/procure/.

a. All direct payments are subject to Accounts Payable policies and must be submitted with proper documentation.

b. EA’s sent to Accounts Payable which do not fall clearly under these direct payment guidelines will be sent to Purchasing for review by a buyer. If after review, the buyer determines the EA can be paid directly, the buyer will indicate this on the EA, initial and forward the EA to Accounts Payable for processing.

c. The following is a list of direct payment categories.

1) Books (The transaction also can be charged on a departmental purchasing card).

2) Dues – Memberships.

3) Petty Cash Establishment/Replenishment.

4) Recruitment (e.g. academic expenses for lodging directly billed to the College).
5) Registrations for seminars, conferences, etc. Vendor registration forms must be filled out and all attendees must be listed. In addition, EA's covering more than one employee’s registration must include a separate listing of the name, social security number and fee amount for each person.

6) Honorariums, Speaker/Lecturer Fees and Other Personal Services - Compensation given to individuals who are not employees of COFC or the State.

   a) Requirements

      i. A contract (the Educational Related Professional Services on a Fee Basis) must be signed by the individual and the appropriate COFC official(s). In addition, the payee must provide a valid invoice.

      ii. Payments to foreign nationals are subject to special Federal tax and immigration laws. (See Non-resident Alien Questionnaire and Policy)

      iii. Occasionally circumstances require that a guest speaker or entertainer receive a payment on the day of his/her appearance. The prepayment request must be received by the Accounts Payable Office at least 15 business days in advance when the check is required. Payment requests for non-resident aliens require at least 45 business days in advance receipt by Accounts Payable.

      iv. Proposed "CONTRACTS" with a fee less than $2,500 require approval of the department
chairperson/head and execution of the official "OFFER" by the appropriate fund manager. Proposed "CONTRACTS" with a fee greater than $2,500 require the same approval signatures, but the official "OFFER" CAN ONLY BE EXECUTED BY THE EXECUTIVE/SENIOR VICE PRESIDENT FOR BUSINESS AFFAIRS. Route all requests greater than $2,500 through the Procurement Office for purchase method determination.

b) All payments for compensation for employment services performed by students, faculty, and staff as well as employees of other State agencies must be paid through the Payroll Office.

7) Sponsorships (See II. Special Items, F. of this policy).

8) Stipend, prize or award payments are permissible providing they do not constitute compensation for the performance of services by an individual deemed an employee of the College or the State or a qualified scholarship or fellowship to a student. Gift certificates are equivalent to cash and are subject to the same rules. (See the Controller’s Office website for its policy on Fellowship, Scholarship, Stipend, Prize, and Award Payments).

9) Subscriptions – books and journals must have forms completed and attached to the EA.

10) Study/Research Participants must have an IRB (Institutional Review Board) form on file with the College. Other support documentation must include an explanation of the program description detailing the purpose of the research and the requirement for human subject participation. (See the Controller’s
Office website for the guide to payments to research participants.

11) Employee Benefit Payments (e.g. deferred compensation and other individual retirement plans as well as insurance coverage).

12) Other – These transactions (e.g. fees for medical services) must be deemed appropriate by the Controller or a designee of the Controller’s Office as well as the Procurement Director or designee.

3. Travel Authorizations, Advances and Reimbursement Requests (See the College’s Travel Policy at http://controller.cofc.edu.)

4. Inter-(intra-) departmental Transfers (IDT)

a. Internal – This form of IDT allows for the transfers of funds such as services for parking, mail, and copying to be made between/among departments within the College.

b. External – This requirement of the State allows for the exchange of funds between the College and another State agency when the transaction exceeds $1,000.

5. Student Refunds (See Student Refund policy).

C. Invoice Processing Schedule, Inquiries, Check Writes/Distribution

1. Processing

a. Invoices including travel reimbursements/advances received by the Accounts Payable Unit which are correct and complete will be processed within five (5) to seven (7) full working days after receipt.

b. When all items invoiced are received and verified to the accounts payable file copy of the purchase order, an account payable voucher is processed for a check to be cut.
c. Under normal circumstances, the department/vendor will receive a check within the next two check-write cycles (see below) following the processing of the invoice by the Accounts Payable Office.

d. During certain times of the year (e.g. usually fiscal year-end), due to an exceptionally large number of vouchers being submitted by all departments or other extenuating circumstances, this schedule may not be achieved. Vouchers will be processed as expeditiously as possible upon receipt by the Controller’s Office. The Controller’s Office will notify the campus community when it must invoke slower processing schedules.

2. Prepaid Items

a. In general, the State Comptroller General requires that goods or services must be paid from the fiscal year’s funds for which they were received. However, when there are instances where goods or services -- normally items such as rent, insurance and subscriptions -- are not fully consumed within the fiscal year from which they were paid, generally accepted accounting principles require recording any unused portion remaining at year end as an asset, namely prepaid expenses. Such amounts are not reflected in the department’s expenses for the current year but are reported as assets in the College’s financial records. On July 1, a reversing journal entry will be made to charge the expenses to the new fiscal year. (Please refer to the policy and procedures on Prepaid Expenses located on the Controller’s Office website at http://controller.cofc.edu/policies/PrepaidExpenses.htm.)

b. A payment for goods or services where the benefits cross fiscal years will be allocated between (among) the fiscal years based on the unused portion of the payment at year-end closing. The unused portion at the end of the first fiscal year is an asset of the College to be expensed in subsequent periods as benefits are derived.
c. The Controller’s Office will review and reconcile all prepaid expense accounts on a monthly basis.

3. Check Writes/Distribution, Rush (Manual) Checks, Holds for Pick-up, Checks with Order

a. Checks and electronic payments are generated automatically from the approved accounts payable file at least every Sunday, Tuesday and Thursday making checks available for distribution on Monday, Wednesday and Friday.

1) The Controller’s Office strongly encourages using electronic fund transfer when possible.

2) It is generally the policy of the College for the Accounts Payable Office to mail checks directly to vendors and staff. This practice establishes control over checks and limits the additional time necessary for special handling.

3) It must be clearly noted on the invoice when sent to A/P if a circumstance exists where the check should not be directly mailed from the Controller’s Office. Any check held for pick-up is not available until after 12:00 p.m. each day. If the check is not picked-up by the agreed upon date, it will be sent through the appropriate mail system.

4) All other checks will be mailed through the U.S Postal Service or inter-campus mail service.

b. Rush (Manual) Checks – A request for a rush or manual check should be made only in extreme emergencies.

1) Any such request requires the approval of the respective department head.

2) This manual check process requires coordination between the Controller’s Office and the Operations Unit of the Information Technology Office and often the Procurement Office.
3) To request a rush check, you must contact the Accounts Payable Supervisor or a designee of that office.

c. Checks with Order and/or Held for Pick-up – These checks usually are produced as a result of a vendor requiring prepayment prior to the shipment or receipt of the goods/services; formal presentation to a performer/award recipient for a campus-event; or travel cash advance.

1) A “check with order” that is not required for presentation to a recipient will be mailed as normal through the U. S. mail service.

2) Checks held for pick-up including those for travel cash advances and presentations to individuals will be mailed through inter-campus mail to the requestors if not picked-up by the agreed upon date.

3) When a requestor who is not the payee of the check takes possession of such check(s), the requestor must accept responsibility for the check(s) through completion of the Check Custodian form. If the check is for a formal presentation to a performer/award recipient, the custodian must obtain each payee’s signature on the form and return a copy of the signed form to the Accounts Payable Unit.

d. No promise of a check to any vendor or person will be honored by the Controller’s Office without first seeking prior approval of the Accounts Payable Office.

4. Inquiries

a. The Accounts Payable staff determines whether documentation justifies the payment of an invoice. Direct to the Accounts Payable Unit inquiries concerning whether or not documentation/certification requirements are adequate.

b. The Accounts Payable Unit answers all inquiries from vendors regarding the status of unpaid purchase
orders/invoices and reconciles monthly account statements from vendors.

c. Vendors are notified that all invoices and statements must be sent directly to the Accounts Payable Unit of the Controller’s Office. Invoices and statements received by a department should be forwarded promptly to the Accounts Payable Unit.


a. Payment by the College must be supported by a source document which in most cases is an independent invoice. The requirement of an invoice represents confirmation from a third party that a product or service was provided to the College as well as supports the objectivity principle of accounting.

b. Invoices can be rejected manually for missing purchase orders, unauthorized purchases, insufficient funds, incorrect vendor addresses, missing departmental account numbers, inadequate description of goods/services, or no tax identification numbers. The automated accounting system rejects occur for discrepancies of quantity, unit price or extended price.

c. Partial or Short Payments - Partial payments can be made at the discretion of the Accounts Payable Manager based on factors such as the receipt of fractional shipments or percentage of completion. If a vendor overcharges the College, Accounts Payable staff coordinates with Procurement on the necessary deduction and notates the adjustment on the vendor record.

d. Credit Memos - If the College has overpaid an invoice, or if the merchandise has been returned, accounts payable staff requests and applies the credit memo to the vendor account/invoice. If the account/invoice has a balance due after the credit memo is applied, an adjusted payment will be authorized. If the account has a credit balance and there is no immediate payment expected to be made
to the vendor, the accounts payable staff will request a refund check from the vendor.

e. Within 5 to 7 business days, the Accounts Payable staff will notify the departmental or vendor contact that the invoice was rejected. Departmental staff/vendors will be asked to resolve issues by submitting the required paperwork so that processing can be completed.

II. Special Items

A. Petty Cash Fund

1. Purpose - The College allows the establishment of a petty cash fund to handle emergency small dollar purchases or small dollar purchases which must be paid for immediately and cannot be purchased using a procurement card. A petty cash fund cannot be used when it is possible to arrange for the College to be billed for the purchase and the item paid for through normal channels utilizing the Controller’s and Procurement’s Offices established procedures. College employees are encouraged to arrange for bills to be submitted to the College for payment. Reimbursement to a College employee for items purchased for College use should be a rare occurrence.

2. Approval Process - The Controller’s Office must seek the approval of the State Auditor and the Internal Auditor to establish a petty cash fund. (Please see the Petty Cash Policy and Procedure at http://controller.cofc.edu/.) If approval is received to establish a petty cash fund or to increase the amount of an existing fund, the department must prepare an expense authorization to transfer the funds. Use object code 11XX (Petty Cash) and attach a copy of the letter of approval to the expense authorization.

3. Other Usage - The petty cash fund may be used to purchase coffee and donuts for volunteer workers and students but not for State including COFC employees.

4. Reimbursement - Expense Authorizations submitted for replenishments to petty cash funds must show the appropriate departmental account codes for each type of item purchased. Documentation such as sales tickets and/or paid invoices describing items purchased must be attached.
Requests for reimbursement are held to the same processing time of 5 to 7 workdays.

B. Gifts, Flowers, Parties and Other Benefits

1. Prohibition of Perquisites (profits or payments received in addition to regular wages or salaries)

The College prohibits perquisites of free parking, housing, vehicles, etc. to its employees. The provisions of the General Appropriation Act read as follows:

"That salaries paid to officers and employees of the State, including its several boards, commissions, and institutions shall be in full for all services rendered, and no perquisites of office or of employment shall be allowed in addition thereto, but such perquisites, commodities, services or other benefits shall be charged for at the prevailing local value and without the purpose or effect of increasing the compensation of said officer or employee."

2. Plaques, Certificates and Other Events

The College allows for the expenditure of College funds on employee plaques, certificates and other types of recognition events to reward innovations or improvements by individual employees or employee teams that enhance the quality of work or productivity or as a part of employee development programs of this institution. (Section 8-1-180 of the South Carolina Code of Laws)

a. Awards cannot exceed $50.00 dollars for each individual being recognized.

b. Written justification along with the purchase requisition must be submitted to the Procurement Office prior to obligating any funds. The written justification must list the details as specified.

1) A description of the event that evidences the innovation or improvements in the quality of work or productivity or the employee development program.

2) Date, time and place of event.
3) List of names’ of the participants.

4) Approval of the department head and the executive/senior vice-president.

3. **Cash and Non-cash Gifts/Donations including Flowers for Memorials, Celebrations, etc.** – The purchase of flowers or other gifts on behalf of or for College employees or other individuals for bereavements or celebrations is not allowable with any funds administered by the College.

4. **Exemptions:**

   a. The President of the College is permitted to occupy residences on the grounds of this institution without charge.

   b. The residence hall directors at the COFC are permitted to occupy residences of COFC without charge.

   b. The Auxiliary Services Office must report the fair market rental value of any residence occupied by the President or a College employee to the Agency Head Salary Commission, and the Division of Budget and Analyses respectively by October 1 of each fiscal year.

C. **President’s Business Expenses**

   1. **Expenses - President of the College**

   The President of the College cannot receive a fixed allowance for personal expenses incurred in connection with the performance of his official duties. Reimbursements may be made to the President from funds available to this institution for any such personal expenses incurred provided that all requests for reimbursement are supported by proper documentation and processed through the normal accounting procedures of the College.

   2. **Required documentation:**

      a. The amount and description (i.e. lunch, dinner, etc.) of each separate expenditure must be provided.
b. The time and place of each expenditure must be provided.

c. The business purpose of each activity, including a description of any business benefit derived or expected and the nature of any business discussions, must be described.

d. The business relationship of other individuals must be established by providing names, title, occupations, or other pertinent information sufficient to establish the relationship.

e. No expenses shall be allowed for perquisites to state employees including COFC faculty and staff, board members, or legislative officials.

D. Alcohol Beverages

The College prohibits the purchase of any alcoholic beverages with any funds that it administers including those charges listed in the billing of catered meals.

E. Membership Dues

1. The College is prohibited (Section 8-11-199 of the SC Code of Laws) from paying or reimbursing professional dues payments for individuals to the American Bar Association.

2. Membership in an organization must relate specifically to the job or function of the College.

   a. Individual memberships are allowed only when the organization does not permit a College membership or it is less costly to the College to have an individual membership.

   b. No payment will be allowed for professional licenses or dues required by state regulatory agencies. However, the COFC may use other appropriated funds to pay the cost of mandatory dues owed to the S. C. Bar Association for attorneys it employs.
c. The department head must be in a position to demonstrate in writing how the membership benefits the College.

F. Functions at Clubs or Organizations which Discriminate

1. The College is prohibited from using its funds to sponsor or defray the cost of any function at a club or organization which does not admit as its members persons of all races, religions, colors, sexes, or national origins.

2. No College employee may be reimbursed from public funds for expenses incurred at any club or establishment which does not admit as members persons of all races, religions, colors, sexes, or national origin.

3. Any sponsorship paid with College funds requires written documentation that clearly explains the benefits to the College.

G. Out-of-State Promotional Activities

Out-of-state promotional activities require documentation that substantiates the expenses are related to the mission of the College and economic development in South Carolina and may require prior approval of the President of the College. The department head must be in a position to demonstrate in writing how the activity benefits the College.

H. Moving Expenses

1. Relocation Expenses - The College may reimburse reasonable relocation expenses for new permanent employees when such reimbursements are considered by the President to be essential to successful recruitment of professionally competent staff members. (Section 72.26L of the General Appropriations Act)

   a. The new employee’s place of residence must be outside of the Tri-County (Berkeley, Charleston, Dorchester) area at the time of employment by the College.

   b. The College can demonstrate that paying these costs is necessary to fill the position.
c. The maximum payment in any instance to any new employee may not exceed the amount authorized by the President and must be stated in the employment contract or Moving Expense form at the time the offer of hire is made. Five thousand dollars ($5,000) is the State's general threshold although the President of the College has the discretion to approve higher limits. Mileage and meal expenses will be restricted to the State rates.

d. The payment is certified by the President (or the board of trustees if the new employee is the President) as the total paid by the College toward the total moving cost incurred by the new employee. Please see the Moving Expense form on the Controller's Office website.

e. Payments to members of academia also require approval of the Provost.

f. Contact the College's Procurement Office for a preferred provider of moving services.

g. Moving expenses include only personal and household effects. Reimbursement for house-hunting expenses is not allowable.

2. **Reporting of Moving Expenses** - Moving expenses must be reported on a Form W-2 in accordance with regulations of the Internal Revenue Service. In order to properly accumulate this information, the following procedures will be necessary regarding payment.

   a. Payments can only be made to the employee being moved upon presentation of adequate documentation.

   b. The employee's name and social security must be the same as loaded on the payroll system.

I. **Payments to Vendors for Catered Meals at Statewide, Regional or District Meetings or Student Events/Activities:**

The College may contract with vendors to provide meals served at statewide, regional or district meetings or for student functions. **At least 75% of those attending the (statewide, regional, district) meeting must be employees of other agencies or outside**
organizations. College meetings that do not satisfy the preceding requirements are not considered statewide, regional or district meetings.

1. **Employees of Other State Agencies** - If the College makes payment for meals on behalf of an employee of another State agency, the College must notify the home agency of the transaction. The departmental staff person making the request for payment has the responsibility for notifying the individual’s home agency.

2. **Required Documentation** – Prior to obligating any College funds, the requestor must seek approval of the required documentation from the Procurement Director/Controller. A list of all participants and their places of employment along with documentation explaining the business purpose of the meeting and the benefits to the College must be attached to the purchase request and/or invoice packet. For additional guidance with documentation, see the Request to Purchase Catered Meals form at http://controller.cofc.edu/accountForms.html.

3. **Spouses and other immediate relatives/guests of College employees and Board members** cannot be considered eligible participants for purposes of meeting the 75% test unless their participation qualifies as employees of other agencies or outside organizations with legitimate business purposes and benefits to the College.

4. **Board of Trustee and Committees** - Meetings of the Board of Trustees or College committees are not considered statewide, regional or district meetings.

5. **On-campus** - Functions held on the College campus require that the provider of food services for the College gets first right of refusal for catering the events.

6. **Regular Staff, Faculty and Advisory Board Meetings/Events(e.g. Retirement and Holiday Parties) of College Employees** – The payment with College funds of catered meals including continental breakfasts, boxed lunches, or snacks for College employees is prohibited for these type of activities. This restriction applies to the contracted provider of food services for the College as well as other vendors. (See II. Special Items, B. 2. Plaques, Certificates and Other Events.)
7. **Student Functions/Events – Food services/supplies** (e.g. pizza, grocery store items, etc.) required for student functions and events must be planned/ordered based on the number of students invited to attend. A list of the participants invited to attend is required for invoice processing. If the invitation extends to a general student population, other documentation (e.g. flyer, brochure, program agenda) denoting the targeted audience will suffice. (See the Student Group Travel Policy.) The procurement card may be used for purchases costing less than $1,500.

J. **Procurement Approval - Telecommunications**

All purchases or changes to purchase orders for telecommunications (e.g. land lines, cell phones, internet services, etc.) require the approval of the Information Technology (IT) and Purchasing Offices of the College of Charleston. No employee of this institution may enter into an agreement or renew an existing agreement for telecommunication services unless approved by the IT and Purchasing Offices. A tolerance level of 10% up to $100 is allowable for changes to the contract. Refer to Section III. Unauthorized Procurements.

K. **Automated Information Technology - Procurement and Services**

All procurements of automated information technology must be approved by the Information Technology Office. **Payments of invoices for these services require an authorized College Purchase Order.**

L. **Selection of Architect-Engineer, Construction Management and Land Surveying Services**

All procurements of architect-engineer, construction management and land surveying services must be approved by the State Engineer’s Office in accordance with Sections 11-35-3220 and 11-35-3230 of the Consolidated Procurement Code. A request for payment should be accompanied by either an SE-220, Professional Services Selection Approval Request, or an SE-230 Professional Services Selection Approval Request-Small Contracts. **Payments of invoices for these type services require an authorized College Purchase Order.**
M. Consulting Services

The College may procure consultant services up to its respective certification limits as established by the Budget and Control Board. All contracts require approval of the Purchasing Director or a designee.

1. Any contract for legal or consultant services must provide for the completion of all services.

2. If all services are not fully rendered as provided for in the contract, the contractor must refund any monies which have been paid by the College under the contract along with a twelve (12) percent penalty.

3. Payments of invoices for consulting services require an authorized College Purchase Order.

N. Auditing and Accounting Services

Any contracts for auditing and accounting services require the approval of the State Auditor’s Office prior to awarding such contracts except where specific statutory authority is otherwise provided. Payments of invoices for auditing and accounting services require an authorized College Purchase Order.

O. Legal Fees and Services - General

1. Employment - The State Attorney General must approve the hire including the level of compensation of any classified or temporary attorney as an employee.

2. Contractual Services - Approval in writing by the Attorney General is required prior to engaging any attorney-at-law on a fee basis including approval of such fees. This rule does not apply to the employment of attorneys in special cases in inferior courts where the fee to be paid does not exceed two hundred fifty ($250.00) dollars or exceptions approved by the Budget and Control Board.

3. Approval by the College Legal Counsel or the President is required before contracting with outside legal counsel. Payments of invoices for legal fees and services require an authorized College Purchase Order.
P. Bond (Fidelity) Requirements

The Budget and Control Board may approve blanket bonds for the College including the bond for personnel. However, the form and execution of blanket bonds must be approved by the Attorney General. **Payments of invoices for bond coverage require an authorized College Purchase Order.**

Q. Advertising - Legal Notices

The charges for legal advertisements for notices of sales of real and personal property; to creditors of final settlement by executors; for proposals for works and supplies by the heads of departments or other officials authorized to advertise for competitive bids; and all other advertising whatever done by order of court or by State cannot exceed the local retail display advertising rate shown on the newspaper's rate card or the rates published in the newspaper, deducting any and all applicable discounts earned by the volume or frequency of the legal advertising.

1. The advertisement shall be set in solid six point type, including the caption and all other parts of the advertisement. Newspapers that do not use six point type shall receive compensation based on six point measure and any lesser measure shall be charged only at actual space measurement as printed; however, the College when placing advertisements may order larger measure at its discretion.

2. The publication of any of the notices provided for in this section may be let by contract for not more than the price authorized by this section. No publication will be allowed to make any extra charges for affidavit of publication. (Section 15-29-80 of the 1976 Code as amended)

3. **Payments of invoices for legal advertisements require an authorized College Purchase Order.**

R. Capital Improvement Projects

The expenditure of funds for capital improvement projects is subject to approval and regulation of the State Budget and Control Board. The approval of the Budget and Control Board is not required for minor construction projects, including renovations and alterations, where the cost does not exceed an amount determined by the Joint Bond Review Committee and the Budget and Control Board.
Payments of invoices for capital projects require an authorized College of Charleston Purchase Order.

1. Definition of Permanent Improvement - A permanent improvement project with regard to all institutions of higher learning is defined (S. C. Code Section 2-47-50) as:

   a. The acquisition of land and buildings (as opposed to construction) and other structures regardless of cost.

   b. The construction of additional facilities and work on existing facilities for any given project including their renovation, repair, maintenance, alteration, or demolition in those instances in which the total cost of all work involved is $500,000 or more.

   c. Architectural and engineering and other types of planning and design, regardless of cost, which is intended to result in a permanent project.

   d. Capital lease purchase of a facility acquisition or construction.

   e. Equipment that either becomes a permanent fixture or a facility or does not become permanent but is included in the construction contract must be included as part of a project.

2. Application and Certificate for Payment (These rules are excerpted from the State Engineer's Manual, Sections 7.21 and 7.22.)

   a. The contractor must submit applications for payment to the architect/engineer (A/E). If no A/E or other outside consultant is used, the contractor must submit its payment application directly to the College. **The A/E is required to send a copy of the application for payment to the Controller's Office immediately upon receipt of the paperwork from the contractor.**

   b. The A/E must review the contractor's application for payment and accompanying progress schedules and other back-up information.
c. Based on the A/E on-site observations, the A/E must determine the amounts due the contractor and submit recommendations for payment in writing to the College.

d. After review and certification of the amounts due the contractor, the A/E must send the application for payment to the College.

2. Progress Payments to Contractors

   a. When a contractor has performed in accordance with the provisions of its contract, the College will pay the contractor the undisputed amount of any pay request within 21 days of receipt of that payment request by the College. (In reference to this requirement of the law, the A/E is considered to be the College, as the A/E is acting as the College’s representative.)

   b. The contractor shall make payment to its subcontractor(s) and each subcontractor will make payments to its subcontractor(s) on undisputed amounts within seven days of receipt by the contractor or subcontractor of each periodic or final payment for that contractor’s (or subcontractor’s) completed work.

   c. If a payment to a contractor is delayed by more than 21 days, or if a payment to a subcontractor is delayed by more than seven days after receipt of the payment, the College, contractor or subcontractor must pay its contractor or subcontractor interest beginning on the due date at the rate of one percent per month or pro rata fraction thereof on the unpaid balance as may be due. However, no interest is due unless the person being charged interest was notified at the time the request for payments was made that such interest may be due.

S. Art Objects - Paintings, Antiques and Sculptures

Prior to buying any art objects such as paintings, antiques, sculptures, or similar objects for which the cost is greater than $1,000, the requestor must prepare a written determination specifying the need for such objects and benefits to the College and submit it to the Procurement Director. The South Carolina Arts Commission must approve such determination prior to any
acquisition. **Payments of invoices for art objects require an authorized College of Charleston Purchase Order.**

T. **Per Diem - Boards, Commissions and Committees**

The per diem allowance of the Board of Trustees and other legislatively appointed committees is thirty-five dollars ($35.00) per day. College and State employees are not eligible to receive per diem allowances for service on boards, commissions or committees.

### III. Unauthorized Procurements

Invoices for unauthorized procurements will be rejected for payment and forwarded to the Purchasing Office. Rejected invoices must be supported by ratification of the act by the College’s Purchasing Officer or the President. (Budget and Control Board Regulation 19-445.2015)

### IV. Fiscal Year Closing

A. **General Requirements of the State –**

The College’s fiscal year is dictated by the State’s which operates on a fiscal year that begins July 1 and ends June 30. **The State also requires that goods and services received within the fiscal year must be paid from that fiscal year’s funds. Please refer to section C.2 Prepaid Items under I. General Requirements for payments of goods and services to be received in future accounting periods.**

B. **General Requirements of the College –**

The Controller’s Office will approve a year-end closing schedule of activities inclusive of invoice and journal entry processing, accruals, and financial reporting to coincide with the State’s requirements.

### V. Account Codes

Specific account codes such as revenue and expenditure object codes have been established to record precise accounting events. The purpose of the revenue object code is to classify revenue as to nature and source activity and the expenditure object code is to classify expenditures according to types of items purchased or services obtained. Refer to the Controller’s website for a complete listing of the account codes.

### VI. Credit Cards
The College is not authorized to enter contracts to accept credit cards as payment for goods or services. As mandated under Section 11-5-280 of the Code of Laws of South Carolina 1976, only the State Treasurer may enter into contracts allowing the institution to accept credit cards as payments for goods or services provided.

VII. Leases

A. Lease, Lease/Purchase and Installment Purchase Contracts - Information Technology Equipment

The purchase or lease of information technology equipment, with an annual cost of $10,000 or more requires approval of the State Office of Information Technology Planning-Research and Statistics. The State Treasurer’s Office must approve all lease/purchase and installment purchase agreements greater than $100,000. Payments of invoices for lease agreements of information technology equipment require an authorized College of Charleston Purchase Order.

B. Lease, Lease/Purchase and Installment Purchase Contracts - Personal Property

Within certification limits, the College may enter into lease agreements for personal property provided that lease, lease/purchase, installment purchase, or rental agreements are subject to the same procedures as a normal purchase, including the solicitation of bids. All lease purchase and installment purchase agreements must be approved by the State Treasurer's Office. Payments of invoices for lease agreements of personal property require an authorized College of Charleston Purchase Order.

C. Lease and/or Rentals of Office Space or Other Property

1. The College may enter a new contract for leased office space or other property only after the lease has been approved by the Budget and Control Board, Division of Operations. It is exempt from the real property leasing procedure requirements for non state-owned real property: (1) for less than three (3) months in a single fiscal year, or (2) for a total cost of less than $25,000 in a single fiscal year.

2. Upon their approval of the lease agreement, a Lease Payment Authorization form is completed by the Real
Property Manager, Budget and Control Board, Division of Operations, and forwarded directly to the Auxiliary Service or Facilities Planning Offices.

a. Lease payments should be accompanied by invoices from the lessor or a copy of a statement from the lessor stating the fixed amount and the payment frequency for the term of the lease.

b. If the payee, payment frequency, or payment amount differs from the Lease Payment Authorization, the invoice will be rejected. This rejection rule does not apply to rent escalation and one-time payments. The approved document provided by Real Property Management will be required for these payments.

c. Payments of invoices for lease agreements of office space or other property require an authorized College of Charleston Purchase Order.

VIII. Dual Employment

A. General - Section 8-11-35 of the Code of Laws of South Carolina requires employees of the State obtain approval of the employee’s home agency and secondary agency prior to being paid any compensation or travel expenses. The dual employment request form requires approval of the State Office of Human Resources.

B. The President of the College may not be dually employed by another State agency or institution of higher education without prior approval by the Agency Head Salary Commission and the State Budget and Control Board.

C. Timeliness of Payment

Any employee who is approved for dual employment must be paid in a timely manner. The secondary agency is required to make payment of funds approved for and earned under dual employment within forty-five days of the beginning of the employment.

D. Method of Payment

Payments, other than travel expenditures, made to employees in dual employment status must be considered personal service and paid through the College’s payroll.
1. **Salary and Fringes** - The employee must be paid for services rendered in a dual employment capacity by the secondary agency. An intradepartmental transfer will be used to record dual employment entries within the secondary agency. The intradepartmental transfer must include funds to cover the gross salary and fringe benefits.

2. **Reimbursement of Travel Expenses** - The reimbursement of travel expenses for State employees in a dual employment status should be paid by the secondary agency to the employee using a travel reimbursement form. The usual documentation is needed to support the request for travel expense reimbursement and also a letter from the home agency or copy of the Approved Request for Dual Employment authorizing the secondary agency to make payment to the State employee in a Dual Employment status.

E. **Staff and faculty** requiring compensation for performing in dual roles at the College must receive prior approval of the affected department heads and the COFC Human Resources Office and payment through the Payroll Office.

**IX. Interest Expense**

A. **Payment to Vendor Within Thirty (30) Days**

The College as a lump sum institution of higher education is responsible for the payment of all goods or services within thirty (30) work days after the acceptance of the goods or services and proper invoice, whichever is received later. It must pay an amount not to exceed fifteen percent per year on any unpaid balance which exceeds the thirty (30) work-day period, if the vendor specifies on the statement or the invoice submitted to such institutions that a late penalty is applicable if not paid within thirty (30) work days after the acceptance of goods or services. (Code of Laws of South Carolina 1976, Section 11-35-45)

B. **Certification of Satisfactory Receipt of Goods and Services**

The thirty-day period does not begin until the department certifies its satisfaction with the received goods or services and proper invoice.

C. **Responsibility of Departments**
Late payment charges resulting from the department’s failure to provide copies of appropriate documentation shall be passed on to the respective departments.

D. **Exemptions**

Services for gas, electricity, telephone, water, and sewer services are exempt from the application of late payment charges under Section 11-35-45, and thus, public utilities are permitted to assess late payment charges under their respective tariffs as approved by the Public Service Commission (Pursuant to action of the Budget and Control Board on May 27, 1986). This rule does not apply to reimbursements to State employees and payments to State agencies. In addition, please see R. Capital Improvement Projects, 2. Progress Payments to Contractors under Section II. Special Items for special conditions for construction invoices.

**ROLES AND RESPONSIBILITIES**

A. **Controller’s Office**

The Controller’s Office staff has the responsibility for making sure that all payments for goods/services of a non-payroll nature comply with State and Federal laws and regulations as well as College policies and procedures. This Office ensures that the College maintains a favorable credit rating through the timely payment of invoices and expenditures are tracked and properly accounted for.

B. **Departmental Staff**

The departmental staff has the responsibility for ensuring that they follow the procurement guidelines when requesting goods and services. They must provide the Controller’s Office with accurate and complete documentation such as receiving reports (by way of the Central Receiving Office), completed forms, justifications/explanations needed for making payments. In addition, they must make sure that goods and services are satisfactorily received as well as demonstrate a documented benefit to the College.

C. **Vendors**

The vendors must provide the Controller’s Office with valid invoices that adequately describe the vendors’ names, addresses, itemized descriptions of goods/services, terms, etc. as well as Internal
Revenue Service Forms W-9 evidencing their business type (corporation, sole-proprietorship, partnership, etc.) and tax identification numbers.

DEFINITIONS AND REFERENCES:

S. C. Comptroller General’s Disbursement Regulations

S. C. State Procurement Code


S. C. General Appropriations Act