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| Section-12 Fiscal Management | OP-120503 | Page: 1 | Effective Date: 08/15/2022 |
| Accounts Payable | ACA Standards: 5-ACI-1B-07, 4-ACRS-7D-22, 4-APPFS-3D-25 | | |
| Scott Crow, 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). (5-ACI-1B-07)

I. General Guidelines

A. Purchase Orders (5-ACI-1B-07, 4-ACRS-7D-22, 4-APPFS-3D-25)

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/unit/probation and parole. Invoices for goods and services will be processed against a valid purchase order (62 O.S. § 41.16).

B. Account Codes (5-ACI-1B-07, 4-ACRS-7D-22, 4-APPFS-3D-25)

The affected business manager is responsible for ensuring the correct account code is used on all expenditures. Account codes and descriptions can be found in the [Statewide Accounting Manual](#).

1. The account code(s) will 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 will request a correction through transaction accounting.

C. Prohibited Payments (5-ACI-1B-07, 4-ACRS-7D-22, 4-APPFS-3D-25)

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 in accordance with 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 will 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 will be more than the cost of the membership.
 - c. When specific coverage of individual memberships is within the terms of a grant contract. A copy of the pertinent section of the grant contract will be included when submitting the claim for payment.
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 inmate 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 (5-ACI-1B-07, 4-ACRS-7D-22, 4-APPFS-3D-25)

An agency employee will acknowledge the receipt of goods and services. This acknowledgement will be submitted with the invoice for payment. 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. The "Receiving Memorandum" ([Attachment A](#), attached) provides an example and may be adapted as needed to serve a particular facility or unit's purpose.
4. Acknowledgement of receipt on an e-mail or any other type of written correspondence from an agency employee.

E. Invoices (5-ACI-1B-07, 4-ACRS-7D-22, 4-APPFS-3D-25)

Facility/unit/probation and parole services 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 will 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, will be set up as such in the state accounting system and the proper location will be used on the initial purchase order;
2. A remit to 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 will 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 will 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 (5-ACI-1B-07, 4-ACRS-7D-22, 4-APPFS-3D-25)

All payments for goods and services from state appropriated funds and agency revolving funds will be processed by Business Services through the Office of

Management and Enterprise Services (OMES) using the state enterprise accounting system.

A. Transmittal Forms (5-ACI-1B-07)

Invoices will be submitted to Business Services 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 will be marked "original not available."
 - b. When a vendor's invoice requires alteration of quantities and/or amounts, the business office will 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 will state "altered invoice" and the name of the person contacted with a date of contact will be included.
4. Invoices are to be submitted against the proper purchase order ready for payment. Invoices will be maintained at the facility/unit/probation and parole services region until the purchase order is in a "dispatched" status with adequate quantity and funding.

B. Payment of Invoices (5-ACI-1B-07, 4-ACRS-7D-22, 4-APPFS-3D-25)

Invoices will be processed by Transaction Accounting using the state enterprise accounting system.

1. Transmittals will be date stamped when received at Transaction 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 one business day of the receipt of printed warrants.

III. Special Procedures

A. Advanced (Pre) Payments (5-ACI-1B-07, 4-ACRS-7D-22, 4-APPFS-3D-25)

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. A discount is offered for advanced payment. The vendor will 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.
 - b. The organization requires pre-registration 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 sent together with the voucher to OMES.
4. Payments to the U.S. Government where prepayment is the only option.
5. Payments to fair boards and other organizations, by agencies seeking booth rental at shows for the purpose of advertising or

promoting the State of Oklahoma if prepayment is required for participation. Documentation of the requirement to prepay will accompany the voucher.

6. Payments to official testing organizations requiring prepayment for attendance and/or grading of documents, for higher education or regulatory boards.
7. Maintenance agreements only when the specific industry (not the particular vendor) will not accept a payment arrangement other than in advance. Documentation showing the requirement to pay in advance will accompany the voucher.
8. 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 types of payments require preapproval from the Office of Management and Enterprise Services before processing.

B. Employee Reimbursement (Non-Travel) (5-ACI-1B-07, 4-ACRS-7D-22, 4-APPFS-3D-25)

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

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

C. Professional Licenses, Certifications, Continuing Education, and Testing (5-ACI-1B-07, 4-ACRS-7D-22, 4-APPFS-3D-25)

1. When an employee is serving the agency in a professional capacity that requires a professional license or certification as well as ongoing required education or testing, the agency may pay for those costs if in the best interest of the agency.

Employees who are not serving the agency in a capacity that requires license or certification fees, and related continued education costs are responsible for their own professional expenses if they wish to maintain their license or certification. For example, an attorney

employed by an agency in a capacity other than legal counsel would be responsible for his or her own professional expenses.

2. When the agency is paying for continued professional education under the above section, the education will be job-related. Education courses not related to the specific job will be paid by the employee.
3. The agency will not pay for licenses required and commonly held by the general public for personal purposes such as an operator's driver's 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 Oklahoma 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 Oklahoma Department of Corrections.

D. Prime Vendor Food Distribution (SW156) (5-ACI-1B-07, 4-ACRS-7D-22, 4-APPFS-3D-25)

Payment of invoices against SW156 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 will 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.

IV. References

Policy Statement 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

V. Action

The chief Financial Officer is responsible for compliance with this procedure as well as the annual review and revisions.

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

This procedure is effective as indicated.

Replaced: OP-120503 entitled "Accounts Payable" dated June 24, 2021

Distribution: Policy and Operations Manuals
Agency Website

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