



**Title:** Accounts Payable  
**Effective Date:** July 1, 2025  
**Issuing Authority:** Senior Vice President for Finance and Administration  
**Policy Contact:** Director of Accounts Payable  
478-301-2644

### **Purpose**

The Accounts Payable Department of Mercer University has developed the employee accountable plan based on the applicable IRS ruling (Revenue 2006-56). The purpose of this policy is to outline the process for reimbursements and payments with the exception for payroll checks.

### **Scope**

This policy applies to all employees at Mercer University.

### **Policy Statement**

The main objective of the Accounts Payable Department is to review, process, and maintain all (majority) documentation related to a check processed by Mercer University except for payroll checks.

Based on the requirements of IRS ruling (Revenue Ruling 2006-56), Accounts Payable must ensure that Mercer University's employee accountable plan requires the following:

- Along with this, there must be a business connection, and the expense is reasonable. All reimbursements or expenses should have the business purpose documented.
- There must be an adequate accounting for the expense within a reasonable period of time.
- All excess reimbursements must be repaid in a reasonable time.

Without the items listed above, reimbursements would be determined as wages subject to tax withholding. Based on the ruling, Mercer University has developed the following policies and procedures for the employee accountable plan.

As mail is received in for the department, the Accounts Payable Assistants will date stamp incoming invoices and payment requests.

To generate a check, there must be an invoice matching an approved purchase order or the Mercer University approved forms (Request for Payment, Travel Advance Form, and Travel Reconciliation Form) with proper documentation.

### **Business Purpose**

A complete, clear, and concise business purpose must be documented for each trip to validate the need for meals and entertainment. Additional documentation, such as receipts and itineraries, should be provided to meet documentation requirements as well as support the business purpose. A **bona fide** business purpose should contain information to answer the following questions. It may not be necessary to provide answers to all questions, depending on the circumstances.

<b>Question to Answer</b>	<b>Description of Information Needed</b>
Who?	Who was present during the meal or entertainment event? If anyone was present other than University employees or students, document the person's relationship to the University. If the individual is a University employee, document the title of the employee.
What?	What is the purpose of the expense?
Where?	Where did the expense take place? If there are multiple locations, list each location and the dates in attendance at each location.
When?	When was the expense incurred? Provide the dates for the overall expense and breakdown of any dates associated with multiple events.
How?	How did the expense benefit the University?

### **Travel Advances**

Travel Advance Forms and the Travel Reconciliation Forms related to a travel advance are submitted to the Systems Accountant to approve and process. Travel advances should be requested no more than 30 days prior to the trip and must be reconciled within 30 days of the end of travel. There can only be one outstanding travel advance per employee.

### **Mercer University Business Cards**

These cards are no longer issued through Accounts Payable and are being replaced by the Mercer Purchasing Card. Request for Payments to Mercer University Business Cards (Not Purchasing Cards) are submitted to Accounts Payable. Mercer University Business Cards should not be used to set up automatic reoccurring monthly charges or personal expenses. Mercer University is not responsible for late or finance charges. Checks should be submitted to Accounts Payable with the Request for Payment to cover any late or finance charges.

### **Purchase Orders**

If the invoice is received for an approved purchase order and matches the purchase order, the request is processed without the following listed below since all approvals have occurred and

proper documentation is provided.

### **Frequency of Business Meetings with Meals**

Business meetings with meals require a significant commitment of time and financial resources. Accordingly, the number of such events should be limited. It would be an extraordinary circumstance for an individual to participate in Mercer business meals on a daily or several days per week basis. Where possible, meetings should be conducted during the remaining hours of the workday.

### **Employee Morale/Taxable Fringe Benefits**

In accordance with the Internal Revenue Code, certain benefits provided by Mercer University employees outside of the payroll system may be considered taxable to the employee and require reporting on the employee's Form W-2 when deemed taxable. Examples of this include the receipt of sporting event tickets, awards of merchandise, and prizes. Typically, these programs should not have employee exclusions, be reasonable, and considered de minimus. Gift cards are not allowed as these are considered taxable income. Please submit proposals for any program of this type to Accounting, Payroll, or Human Resources prior to the event. Please ensure that the appropriate Executive Cabinet member has approved.

### **Documentation**

Once the proper request has been submitted, the Director of Accounts Payable will review each request form and verify that the following is included:

- Original detailed/itemized receipts for all purchases. If travel is not related to a grant/contract, receipts for meals \$25 and under may be reimbursed, based on circumstances.
- No sales tax has been paid (if applicable).
- The account charged has available funding/budget. This can vary based on expected funding for donor accounts.
- The purchase was an allowable expense by University policies.
- The purchase of gift cards is not allowable due to the taxable nature of the funds. Certain external grants and contracts may require the use of gift cards, and the purchase of gift cards is approved on a case-by-case basis in the Grants and Contracts Accounting Office.
- The reimbursement form (Travel/Request for Payment/Travel Advance) is approved by the appropriate person. This approval provides assurance that there is a business connection and the expense was required.
- The travel form has proper documentation for mileage and other reimbursement in accordance with IRS guidelines for accountable plans.
- Expenses will be recognized when goods or services are received. Any expenses that benefit or cross several accounting periods will be allocated to the relevant fiscal year.
- All reimbursements and expenses will require the business purpose (e.g., names of who accompanied meals, reason for purchases, and reason for meeting).

- All computer hardware and software purchases should be approved by IT and entered on a purchasing order.
- Invoices or travel reimbursements received for a prior fiscal year may not be reimbursed or paid.

### **Alcohol**

Alcohol **cannot** be purchased using University controlled funds. In cases where employees want to purchase alcohol (i.e., meals while traveling, local meals between employees), only personal funds should be used to purchase alcohol. Please seek prior approval from the EVP for Administration for University events, such as fundraising events and alumni events.

### **Documentation/Receipts**

Please include the following on meal receipts:

- Name(s) of person(s) attending the meal
- The relationship of those individuals to the University
- Cost
- Date
- Location
- Business purpose

### **Miscellaneous Non-Reimbursable Items**

Incidentals, such as personal recreation, movies, snacks, or any other expenditures that are not directly related to, or necessary for, the performance of the travel assignment will not be reimbursed. The following is a list to be used as a guide and is not an all-inclusive list of miscellaneous non-reimbursable items.

- Air phone usage (unless documented with an appropriate business purpose)
- Annual fees for personal credit cards
- ATM fees, unless associated with foreign currency exchange
- Babysitting services
- Barber and hairdresser fees
- Clothing or toiletry items
- Contributions to public officials or candidates to public office
- Credit card (personal) delinquency fees or finance charges
- Doctor's bills, prescriptions, and other medical services
- Exercise facility fees
- Expenses related to vacation or personal days taken before, during, or after a business trip
- Frequent flyer award ticket fees
- Insurance- domestic car rental, optional travel, or baggage insurance
- Kennel costs
- Late fees
- Laundry services
- Loss or theft of personal funds or property

- Luggage and briefcases
- Magazines, books, newspapers, or other personal reading materials
- Medicine
- Membership dues, including airline club dues and country club dues, unless authorized by the appropriate authority and required for business use
- Movies
- Mini-bar charges for alcoholic beverages, food, and non-alcoholic drinks
- Personal automobile service or repairs
- Personal entertainment, including sports events
- Pet or housesitting fees
- Recreation
- Satellite radio and other automobile subscriptions (SiriusXM radio, OnStar, etc.)
- Saunas, massages, manicures, and pedicures
- Shoeshines
- Shower gifts, engagement gifts, birthday gifts, and congratulations on personal related achievement whether in the form of a gift or meal
- Souvenirs or personal gifts
- Spouse/Significant other/Partner's meals
- Traffic fines, court costs, or parking violations
- Transportation from home to office or office to home
- Upgrades for air, hotel, or rental car or unused room reservations not properly cancelled
- U.S. Travelers' check fees

In the case where an original receipt is lost or destroyed, the employee must make an effort to obtain a duplicate receipt. If the employee is unable to obtain a duplicate receipt, the employee must submit the completed Lost or Stolen Receipt Affidavit Form.

In the event that the request is not correctly calculated, the request will be adjusted to the correct amount by the Director of Accounts Payable or appropriate person and then sent to the Accounts Payable Assistants to process. In the event there is no funding, insufficient documentation, or missing approvals, the form will be returned to the department for completion/correction.

The Accounts Payable Assistant and the Director of Accounts Payable will not process the payment without approval of the appropriate person (Director of Grants and Contracts, Systems Accountant, or the back-up).

### **Payment**

Checks are printed weekly or daily if needed. The Director of Accounts Payable and the Accounts Payable Assistants will match check copies with the internal documentation requested. The actual check will be mailed or sent directly to the department. This will vary based on each request.

If the Director of Accounts Payable is unavailable, the Treasurer has the authority to approve.

### **IRS Reporting (1099 Income and W-9 Forms)**

W-9 forms are required for new vendors established prior to payment. W-9 forms are used to validate tax identification numbers.

One other function of the Accounts Payable Department is to submit the annual 1099s to the required vendor and submit an annual file to the Internal Revenue Service. As part of the review of any check request, the Director of Accounts Payable will code a vendor in the system as a "1099 Vendor." At the end of the calendar year, the Director of Accounts Payable will receive a file which will include all payments to vendors coded "1099 vendors." This file is adjusted by the Director of Accounts Payable for any payments that should not be included in the 1099 file. After all adjustments, the 1099 file is submitted to the IRS by January 31 each year.

1099s are reported to the IRS if the following four conditions are met:

- You made the payment to someone who is not your employee;
- You made the payment for services in the course of your trade or business, including government agencies and nonprofit organizations;
- You made the payment to an individual partnership, estate, or in some cases, a corporation; and
- You made payments to the payee of at least \$600 during the year.

The Form 1099-MISC is used to report payments made to a person or business that is not being paid as an employee of Mercer University. These payments are called "non-employee compensation." Form 1099-MISC is required when total payments for the year exceed \$600. The Form is provided by the University to the IRS and to the person or business that received payment. It will be mailed to recipients by January 31 of the following year.

On Form 1099-MISC, the income earned will be recorded, but there will not be any deductions for federal, state, or local income taxes or social security, etc. Form 1099 recipients are considered non-employees, therefore the University is not required to pay tax or make withholdings on these payments. These recipients are obligated to make their own tax deductions and forward payments to the IRS. Tax liability starts when total payments for the year exceed \$600.

Typically, the 1099-MISC Forms are given to independent contractors (or freelancers) as a record of the income they received. They are also issued for the following type of payments when the annual total exceeds \$600:

- Prizes (student)
- Awards and honoraria
- Independent contractors
- Consultants

- Subcontractors
- Non-employees
- Study subjects
- Study participants
- Partnerships
- LLCs

The IRS requires that Mercer University have a Taxpayer Identification Number (TIN) on file for every person or business that receives a reportable or taxable payment. This information is provided on Form W-9. U.S. citizens and resident aliens are required to complete a Form W-9 before receiving any payments from the University. A TIN can be any of the following: a Social Security Number (SSN), an Individual Taxpayer Identification Number (ITIN), or an Employer Identification Number (EIN).

### **Other**

Copies of approved forms are on the Accounting website. All prior year Accounts Payable files in storage will be securely locked. Key access to these files must be given by the Director of Accounts Payable.

### **Website Address**

<https://accounting.mercer.edu/>

### **History**

Revised October 2022

Revised March 1, 2024

Revised June 12, 2025