



*State of North Carolina*  
*Department of Public Safety*  
POLICY  
REQUIREMENTS & PROCEDURES

## **CONTROLLER**

*Division:* ADMINISTRATION  
*Chapter:* CONTROLLER  
*Policy:* ACCOUNTS PAYABLE  
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*Revised:*

### FORMS

CNTR 005 – Direct Processing Form

CNTR 006A – Contractor Personal Services Contract Questionnaire for Determination of Tax Status

CNTR 006B – DPS Personal Services Contract Questionnaire for Determination of Tax Status

DC-754 – Request for Item Return (Over/Short Form on Purchasing & Logistics Website)

DC-258 – Correction Enterprises Print Order Form (on Correction Enterprises Website)

CNTR 007 – Department of Public Safety Independent Contractor Time Report

### PURPOSE

The purpose of this policy is to provide guidance and uniform procedures for the accurate and timely processing of payments for departmental expenditures, while maintaining strong controls over the Department's resources in accordance with all applicable laws, rules, regulations and business standards. Additionally, this document is intended to:

Provide policy rules and procedures for processing all types of payments for departmental purchases including: goods and services procured by Purchase Order through NC E-Procurement@YourService; goods ordered from departmental warehouses through Usage Orders; or various direct purchases through Procurement Cards (P-Card) and/or the Direct Processing Form (CNTR 005)

Establish acceptable control measures in accordance with Generally Accepted Accounting Principals (GAAP), to ensure reliable accountability and safeguarding of funds, and ensure an adequate audit trail of all transactions is maintained.

Exceptions to this policy must be approved in writing by the Department of Public Safety Controller's Office.

**Note: Before any purchase is made the Section/Location shall check their budget to ensure funds are available to fulfill the desired purchase.**

This policy shall be used in conjunction with the DPS [Purchasing and Logistics Manual](#).

## PURCHASE ORDER PAYMENT AND CLOSING PROCESS

- I. Payment Basis. There are three different circumstances or methods under which an invoice may be paid.
  - A. Receipt Based. Most purchases for goods are processed for payment using the Receipt Basis. Under this method, the Purchase Order stipulates shipment of goods, at a specific quantity and price to the Section/Location requesting them. The invoice however is sent directly to the Controller's Office for payment.
    - i. Because payment cannot be made by the Controller's Office until the Section/Location formally "Receives" the goods or service into E-Procurement, the Section/Location shall immediately receipt goods in E-Procurement. Receipting in E-Procurement should be made within five (5) business days, but in no instance shall it exceed ten (10) business days.
    - ii. The Section/Location must base their receipt on the actual quantity received and not on the amount ordered or invoiced.
    - iii. The Controller's Office will pay based on the amount actually "Received" on the E-Procurement system, and will resolve discrepancies between the invoiced amount and the amount received with the Section/Location, Purchasing and Logistics Section and/or the vendor as necessary.

**Note: When "receiving" on purchase orders for goods that typically fluctuate in price, a tolerance should be set for freight and fuel to assist in processing the invoice for payment.**
  - B. Purchase Order Based (P.O. Based). P.O. Based is also commonly referred to as an "Open" or "Blanket" Purchase Order. The P.O. Based method is used primarily for the purchase of services, especially medical services when the cost cannot be readily or completely determined in advance. Following are the procedures for processing payments on a P.O. Based order:
    - i. Vendors shall direct original invoices to General Accounting – Accounts Payable Section – DPS Controller's Office. If requested, General Accounting shall also provide a copy of the invoice to the Section/Location.

- ii. It is the responsibility of the Section/Location to formally “receive” the goods or services into E-Procurement. Care shall be taken to receive only the amounts of goods or services actually received.
    - a) Goods or services received by a Section/Location should be immediately receipted in E-Procurement. Receipting should be made within five (5) business days, but in no instance shall receipting exceed ten (10) business days. General Accounting cannot process an invoice for payment until it is receipted in E-Procurement.
    - b) When receipting in E-Procurement, all appropriate information shall be included in the comments section, allowing General Accounting to accurately process the invoice, including:
      - Purchase order number;
      - Invoice, sales order or work order number; and
      - Actual quantity/value of services received.
  - iii. Goods and Services purchased on an Open P.O. require a completed CNTR 005 – Direct Processing Form with appropriate approvals before payment can be made. The completed package should then be sent to the Controller’s Office for payment via inter-office mail.
  - iv. CNTR 005 Exception: General Accounting will accept the E-Procurement receipt as approval for non-recurring one-time services. The vendor shall be paid based on the actual dollar amount of service rendered. If there is a discrepancy between the amount received and the amount invoiced, General Accounting will resolve the difference with the location, Purchasing and Logistics, and/or the vendor prior to payment.
- C. Signature Based. This method is based on proper receipt of an authorized signature before payment is permitted. While this is not a preferred method of payment, there may be limited instances when signature based is the best method of payment (See Purchasing Logistics Policy Manual Page 20).

NOTE: While different methods for paying on an invoice can be set up when creating a purchase order, only one method of payment should be used for each purchase order. If a purchase order is set up to use different methods of payment for separate lines on the same purchase order, there is a risk of duplicating payments on the invoice.

II. Closing Purchase Orders.

Section/Locations shall review their open purchase orders at least quarterly to ensure that they have closed properly in NCAS by using one of two reports: (1) The CORCOS OPEN PURCHASE ORDER REPORT, or (2) The Encumbrance Report (SA05). If the Section/Location has access to the CORCOS OPEN PURCHASE ORDER REPORT in NCXPTR, that is the preferred method of review.

A. CORCOS OPEN PURCHASE ORDER REPORT

- i. NCXPTR will provide a monthly report titled CORCOS OPEN PURCHASE ORDERS for each Section/Location. This report is run the first workday of each month and will remain in NCXPTR for a period of two months.
- ii. Each Section/Location shall review the CORCOS OPEN PURCHASE ORDERS Report at least quarterly and take appropriate action to correct problem Purchase Orders that remain open after delivery or in which errors are otherwise noted. Please see Purchasing and Logistics manual for handling change orders.
- iii. The Section/Location shall report Purchase Orders that have been closed to Receipting, but remain open or partially open to invoicing to General Accounting after 90 days via Department E-Mail address: OpenPORReport.
- vi. The CORCOS OPEN PURCHASE ORDERS Report shall be signed and dated by the individual reviewing the report on a quarterly basis and maintained on file within the Section/Location for audit purposes.

B. Encumbrance Report (SA05)

- i. If the Section/Location does not have access to the CORCOS OPEN PURCHASE ORDER REPORT in NCXPTR, the Encumbrance Report (SA05) – A19-PS-PO-ENCUMBRANCE Report should be reviewed at least quarterly to review open purchase orders.
- ii. The Encumbrance Report can be accessed from the DPS Home page, under the “For Employee” Tab, DPS Bookmarks – DPS Financial Reports. The Encumbrance Reports are sorted by cost centers. Sections/Locations should choose the applicable cost center to review open purchase orders.
- iii. Purchase Orders that have been closed to Receipting, but remain open or partially open to invoicing shall be reported to General

Accounting after 90 days. Purchase order information shall be sent via Department E-Mail address: [OpenPOReport@ncdps.gov](mailto:OpenPOReport@ncdps.gov)

- iv. The Encumbrance Report (SA05) shall be signed and dated by the individual reviewing the report on a quarterly basis and maintained on file within the Section/Location for audit purposes.

## DIRECT PROCESSING ACCOUNTABILITY PROCEDURES

Sections/Locations may use the Direct Processing Form (CNTR 005) to make small purchases when the total amount is \$2,500 or less. For goods and services priced above \$1,000 and up to the \$2,500 limit, a fair and open solicitation of offers from more than one source is required.

- I. Form CNTR 005 is also used to process invoices for P.O. based purchase orders. Listed below are items that may be paid using the Direct Processing Method of Payment Form (CNTR 005) as a Direct Invoice not subject to the \$2,500 threshold:

- Employee property loss and damage claims
- Pre-approved room rentals and meals
- Charges for in-state local confinement of inmates
- License tag fees
- Membership fees
- Insurance costs
- Costs associated with Engineering Construction and Service Contracts
- Postage costs not already processed through the Inmate Banking System
- Charges associated with the use of State-owned plane, commercial airline tickets and travel agency invoices
- Copier and fax maintenance renewals
- Purchase of State and Federal Surplus Property
- Registration fees
- Subscription fees (Magazines, Newspapers)
- Clothing purchases for inmates working at the Governor's Mansion

- Tuition and Registration fees (Staff Training)
- Cable TV charges
- Communication costs (Sprint, Southern Bell, etc.)
- Utilities repair invoices

II. Form CNTR 005 Accountability

- A. Form CNTR 005 is available on the DPS website.
- B. Each Location/Section shall be responsible for maintaining a log of their Form CNTR 005's as they are issued out. The log shall contain:
- The Form CNTR 005 number
  - The Individual Making the Purchase (Requestor)
  - The Date of Issue
  - The Vendor Name
  - The Vendor Number
  - The Invoice Date
  - The Invoice Number
  - The Invoice Amount
  - The Date Processed and Sent to the Controller's Office
  - The Date Paid (If required by respective Section/Location)
- C. Numbering for Form CNTR 005 will consist of a ten digit number system. The preferred method for developing numbers consists of the first four digits comprising the RCC number, the next two digits designating the Fiscal Year and the remaining four digits shall designate a sequential document number. However, when necessary a different methodology may be used as long as it is unique to that section/location. **The form numbering does not determine where an item is charged.** It is just a method of assigning a unique number to the form CNTR 005.
- D. As each Form CNTR 005 is used, the CNTR 005 number, Requestor's name, and Date of Issue shall be immediately entered in the Log.
- E. Upon receiving the invoice, or upon receipt of the goods or services, the remaining information should be entered.

III. Form CNTR 005 Number Provided to the Vendor

- A. At the time the purchase is made, the vendor must be provided with the Form CNTR 005 assigned number.
- B. The vendor will be instructed to include this number as a reference number on the Invoice to be sent to the Section/Location.
- C. This will enable the Section/Location to match the number on the Invoice to Form CNTR 005 number prior to submitting to the Controller's Office for payment.

IV. Approval of the Direct Processing Form – CNTR 005

The Section/Location Head shall identify and designate in writing those employees who are authorized to approve the Direct Processing Form – CNTR 005. The written designations shall include the following information:

- Section/Location Name;
- RCC Number;
- Name(s) of the individual(s) designated to approve the Direct Processing Form (CNTR 005) for the RCC number, followed by the designated approver's signature(s); and
- Section/Location Head name printed/typed, followed by signature and date.[]

The original written designations shall be sent to the DPS Controller's Office – Attention: Accounts Payable Director; MSC 4220, Raleigh, NC 27699-4229; and copies shall be retained at the Section/Location for audit purposes.

These approvers shall review the CNTR 005 and supporting documentation prior to approving a direct purchase to ensure purchasing procedures have been followed and the use of the CNTR 005 is appropriate.

## ACCOUNT DISTRIBUTIONS AND CODING INVOICES

Account Numbers: The basic NCAS account number is six digits. Some accounts may have a sub account in the seventh through ninth position. Grant expenditures have an applicable fiscal year indicator in the tenth and eleventh position. For example:

5 3 2 7 2 1 ( 1 2 3 4 5 6 )	Travel – Lodging
5 3 2 7 2 1 0 1 0 ( 7 8 9 ) Sub account	Travel – Lodging – Training (example of sub-account)
5 3 2 7 2 1 0 0 0 1 3 (10 11) Fiscal Year	(Example of account with applicable fiscal year)
5 3 2 7 2 1 0 1 0 1 3	(Example of account with sub-account with applicable fiscal year)

A basic list of account numbers can be found on the Office of State Controller’s website.

Cost Center Structure: A cost center may have four, eight or twelve digits. The first four positions of the Center are the budget funds (program numbers) mandated by the Office of State Budget and Management. Digits five through eight may represent location, district, or activity. These four digits are commonly referred to as RCC. Digits nine through twelve are FRC and represent a funding source, i.e. Grants (federal, state or private) or a billing.

Any cost center with a “3” in the ninth position must always be associated with an account that has a federal fiscal year.

Any cost center with a “2”, “4” or “5” in the ninth position may or may not have a fiscal year attached to associated account numbers. If you are unsure of whether an account should have a federal fiscal year, please contact the Controller’s Office for guidance.

Eight digit centers that begin with “1” do not have a fiscal year on associated account numbers.

Centers that begin with “2”, whether four or eight digits may or may not have an applicable fiscal year on associated account numbers. Note: Centers beginning with “2A” will have a federal fiscal year on any associated account number. If you are unsure of whether an account should have a federal fiscal year, please contact the Controller’s Office for guidance.

Best practice requires a detail-oriented attention to all data entry and submissions of fund, account, and center. Divisions/sections are responsible for accurate coding as this will affect their budgets and financial reporting.



## DIRECT PROCESSING PAYMENT PROCEDURES

I. All incoming invoices and other business correspondence shall be date stamped on the day it is received.

II. The original invoice is attached to Form CNTR 005.

If the original invoice is not available, it must be noted in the justification section. The words 'No Original Available' shall be written on the face of the invoice copy. Scanned invoices are only accepted if an invoice is late and an e-mail from the vendor is attached.

III. Each completed Form CNTR 005 shall be sent to the Controller's Office within seven calendar days after receipt of the invoice or electronic notice of invoice availability. Telephone and other extremely short due date invoices shall be sent the next business day.

IV. When an invoice offers a vendor discount for prompt payment, the Form CNTR 005, along with the invoice, shall be immediately submitted to the Controller's Office in order to take advantage of the discount.

V. Receiving Goods and Services. Form CNTR 005 shall be sent to the Controller's Office for processing only after the Section/Location verifies that the goods or services have been received and the invoice is in hand.

VI. Proof of receipt is either a dated delivery ticket with the signature of the employee receiving the items, or a dated signature on the original invoice.

VII. The Section/Location should investigate any discrepancies noted between the items reflected on Form CNTR 005 and the items actually received or invoiced to ensure the Department is not overcharged or billed for items not received.

VIII. All invoices should be verified before submitting to the Controller's Office for quantity and price extensions.

A. Any errors should be corrected and verified with the vendor.

B. Corrections must be initialed and dated, and the individual contacted at the vendor's business shall be noted on Form CNTR 005.

C. Corrections shall be made by lining through the incorrect figure and writing the correct figure above, or next to the line out. Initial and date the correction.

D. Invoice lines shall be re-extended and the invoice re-added.

**NOTE: Often the vendor will issue a credit invoice, or provide a new invoice for the transaction in lieu of correcting the existing invoice. If so, care shall be taken to ensure the proper invoice is sent to the Controller's Office for payment, and that only one invoice for a particular purchase is sent.**

NOTE: If the purchase is for vehicle or equipment repair, the requestor must enter the fixed asset number on Form CNTR 005. (Some sections, such as State Highway Patrol and Emergency Management, have a different tracking system, in which case, this requirement will not be applicable.)

- IX. The Controller's Office – Accounts Payable Unit shall process an invoice within ten business days upon receipt or upon electronic notice of invoice availability. To process an invoice does not mean that it will be paid in ten days. An invoice shall be paid based on the terms. If no terms are indicated, the invoice will be set to pay "net 30."
- X. The Requestor is the person initiating Form CNTR 005. (S)he must sign and date the form in the space provided. In some cases, the requestor will not be the same person who completes the CNTR 005. In those instances, the requestor's name shall be handwritten or typed in, the date of the request shall be entered, the requestor's phone number shall be provided, but the requestor's signature will not be required.
- XI. The Requestor (or individual who prepared the CNTR 005) shall forward the completed Form CNTR 005, the invoice and any other documentation to the Approver for signature and date.
- XII. The Approver, by signing and dating the form, not only approves the use of Form CNTR 005 for the listed purchase, but also attests that the use of Form CNTR 005 follows normal purchasing practices.
- XIII. Copies of Form CNTR 005 and all supporting documentation shall be maintained by the Section/Location for a period of one year (current year, plus one year).

**NOTE: The Controller's Office will maintain documentation for three (3) years, unless the purchase is from federal funds or Capital Improvements which will follow a longer retention period.**

- A. After one year, if no litigation, claim, audit, or other official action involving the records has been initiated, the records may be destroyed at the Section/Location.
- B. If official action has been initiated, destroy the records after completion of the action and resolution of all issues involved.
- C. Destruction shall consist of shredding or other approved methods that render the documents completely unreadable.

- XIV. Emergency or Pressing Need Purchase Payments on the Direct Processing Form
- A. Non Declared Emergency or Pressing Need **during business hours** – If a non declared emergency or pressing need arises during regular business hours (7:00 a.m. through 5:00 p.m. Monday – Friday), a requisition shall be entered for purchases exceeding \$2,500. The Direct Processing Form (CNTR 005) should only be used for emergency or pressing need purchases of \$2,500 or less.
  - B. Non Declared Emergency or Pressing Need **after business hours** – When an emergency or pressing need arises after 5:00 pm and before 7:00 a.m., a Direct Processing Form (CNTR 005) may be used to make a purchase that alleviates the emergency or pressing need without regard to the \$2,500 limit. Justification shall be provided and the Section/Location Head’s approval is required to substantiate the need for the emergency or pressing need purchase after business hours.

**NOTE: See Purchasing and Logistics Policy Manual for the definition of emergency and pressing need and additional applicable purchasing procedures.**

- XV. Juvenile Medical Claims Payments on the Direct Processing Form: Juvenile Justice Business Officers submit medical claims with CNTR 005 forms to Medical Claims Processing staff within the Controller’s Office. Medical Claims Processing will determine the amount to pay, and include that number in the “Total” line of the CNTR 005. Accounts Payable staff processes these payments.

## USAGE ORDERS

- I. NCAS Inventory Module. Usage Orders are required when ordering stocked goods from a Department of Public Safety (DPS) Central Warehouse, as identified in II.A. below.
  - A. A Usage Order is entered into the NCAS Inventory Module by authorized personnel at each Section/Location.
  - B. Usage Orders are placed when replenishing inventory at a Section/Location sub-warehouse or when ordering items that will be used for general consumption (non-inventoried), such as office or janitorial supplies.
- II. Required Information. Section/Location specific forms or other approved methods shall be used to communicate the required information to the individual entering the

order into the NCAS Inventory Module. Required information includes description of items and/or item numbers, and the quantity of items needed.

- A. Only items stocked in a DPS Central Warehouse can be ordered using a Usage Order. These warehouses are:
- Central Supply Warehouse (General Items and Dry Goods) – 4210451
  - Supply Warehouse (Custody/Canteen Items) – 4210452
  - Central Pharmacy (Medical Items) – 422046M
  - Central Pharmacy (OTC Drug Items) – 422046D (Only used for Over The Counter drug items ordered for Prison Canteens)
  - Radio Shop (Transportation & Communication Items) – 4210401
  - Meat Processing Plant (Food Items) – 428305R
  - Produce Warehouse (Food Items) – 428330R
  - Correction Enterprises Warehouse (Janitorial Supplies, Standard Forms/Letterhead, Clothing) – 428262R
- B. Items stocked in the DPS Warehouses can be found in NCAS or in On-Line price lists found in NCXPTR.
- C. A separate Usage Order must be used to order items stored in different warehouses. Likewise, a separate Usage Order must also be used for items going to sub warehouses (Inventory) and items that are used for general consumption (Non-Inventory items). Examples of inventory items include clothing and bulk food, while non inventory items include office and janitorial supplies.

**NOTE: It is imperative that the Section/Location complete the sub-warehouse field of the Usage Order when ordering inventory items. Failure to do so will result in inaccurate sub-warehouse inventory balances.**

- i. It is important to use the correct Requestor ID when entering the order. This will assure approval by appropriate personnel. Failure to use the correct Requestor ID will result in an inappropriate approval routing of the Usage Order and can result in order delays and an audit exception.
- a. If the incorrect Requestor ID is used, the Usage Order must be deleted and re-entered.
  - b. Requestor ID's are maintained by the Controller's Office, Systems Support Unit.

- ii. Any changes or additions to Usage Orders once they have been entered into NCAS must be approved first by the respective warehouse directly to ensure that the changes can be accommodated.
  
- III. Approving Usage Orders. The Usage Order is automatically sent for approval (if applicable) when entered into NCAS.
  - A. Since Usage Orders are approved on a document basis rather than line by line, approval authorizes all items reflected on the Usage Order to be purchased.
  - B. Approvers should check their approval queues daily to see if there are any orders requiring their approval.
  - C. If an order appears in an approval queue that is the result of an incorrect Requestor ID, the Approver should reject the order and contact the Usage Order requisitioner.
  
- IV. Receiving. When Sections/Locations receive items from one of the Central Warehouses, they are responsible for checking the items received against the 'pick list'. The following procedures for receiving items from one of DPS' Central Warehouses shall be followed:
  - A. Verify each item against the pick list as they are off-loaded from the truck.
  - B. If there are no discrepancies between the pick list and the items received:
    - i. Sign the pick list to indicate no discrepancies.
    - ii. The driver will keep one copy of pick list to be filed at the warehouse.
  - C. One copy of the pick list will be retained at the Section/Location, filed by Usage Order number. A screen print copy of the Usage Order or an Inventory Recap Report from NCXPTR shall also be maintained on file.
  - D. As with all procurement documents, the pick list and screen print shall be immediately signed, date-stamped and filed to show when the goods are received.
  - E. If there is a discrepancy between the pick list and the items received:
    - i. The driver will prepare an Over/Short Form DC-754 indicating the discrepancies.

- ii. Both the Section/Location employee and the driver will sign and date the pick list and Over/Short Form DC-754.
- iii. Do not make changes to the pick list
- iv. The driver will retain one copy of signed pick list and Over/Short Form DC-754 for delivery to the warehouse. Discrepancies will be resolved according to each warehouse's policies and guidelines with the Section/Location.
- v. The Section/Location will retain one copy of the pick list and Over/Short Form DC-754, to be filed by Usage Order number with the other documents pertaining to the Usage Order.

## PROCUREMENT CARDS (P-CARDS)

Procurement cards are for official use only and shall be used in accordance with the DPS Purchasing and Logistics Manual and with the statewide contract established and maintained by the Department of Administration. Procurement cards may be used for purchases up to but no greater than \$2,500.

- I. Required P-Card documentation:
  - A. Itemized receipt including: vendor's name and address, date of purchase, full description of the item(s) purchased, quantity purchased, cost of each item purchased, total cost of the transaction, and Job Order (if applicable);
  - B. Telephone purchases require a faxed/emailed confirmation order from the vendor with name of the person taking the order;
  - C. Packing slip, if applicable; and
  - D. Screen print of electronic confirmation from the vendor.
- II. The original receipt must be signed and dated by the cardholder.
- III. Original documents relating to a purchase shall be given to the cardholder's supervisor for signature, acknowledging legitimacy of the purchase.
- IV. After supervisory review, all documents are given to the designated 'Reconciler' for the Section/Location.
- V. Upon completion of a purchase, it is recommended that the cardholder make copies of all documentation relating to that purchase. In lieu of copies, the cardholder may

elect to establish a transaction log to record all pertinent information relating to the purchase.

- VI. If a receipt is lost, the cardholder must work with the vendor to obtain a copy. In rare situations when a lost receipt cannot be obtained from the vendor, the following procedures shall be followed:
  - A. The cardholder and immediate supervisor must document actions taken to obtain a receipt.
  - B. The cardholder must document information required in I. A. above and have supervisor sign indicating approval.
  - C. Upon completion, the information shall be given to the Reconciler so that the purchase may be reconciled.
  - D. The Reconciler shall include this documentation with all other original receipts.
  - E. If a cardholder loses receipts on a regular basis, their card privileges may be revoked.
  
- VII. Cardholder Reconciliation Procedures. Reconciliation of P-Card transactions should be done daily.
  - A. As transactions are made, the original receipts are signed by the cardholder and supervisor and given to the Reconciler. The Reconciler shall verify these transactions in NCAS using the Procurement Unreconciled Transaction Listing (PUTL) screen.
    - i. This screen is uploaded by the financial institution as vendor claims are received, often the next business day.
    - ii. The Reconciler must match the original receipt given by the cardholder to the unreconciled transaction displayed on the PUTL screen.
    - iii. Once identified, the item is 'selected' and the Procurement Transaction Reconciling and Maintenance (PTRM) screen is shown.
    - iv. The Reconciler must verify the PTRM screen reflects the correct company, account and center for the type of transaction made, and must provide a detailed description of the actual items purchased.
      - a. Errors noted in the company, account and center shall be immediately corrected by the Reconciler.



- b. If a detailed description of the purchase is missing or inadequate, the Reconciler shall contact the cardholder for additional information.
  - c. For Job Order purchases, the reconciler shall enter the 4-digit job order number assigned by Engineering in the appropriate field on the PTRM screen. (For detailed information related to Job Order purchases, please see Engineering's Job Order policy).
  - v. If an error is made during this process, the Reconciler can contact the Systems Support Section within the Controller's Office for assistance.
- B. Upon receipt of the monthly credit card statement, the cardholder shall verify each transaction made during the month, matching his or her receipt copies or transaction log with the credit card statement, ensuring all transactions are correct.
- i. If no errors are found, the credit card statement is signed by the cardholder and the cardholder's supervisor for signature, acknowledging that the cardholder has verified his or her monthly purchases, and is passed to the Reconciler.
  - ii. The Reconciler shall verify that all original receipts are on hand and agree with the credit card statement.
  - iii. If a discrepancy is found, the Reconciler shall resolve it with the cardholder and his or her supervisor.
  - iv. The Reconciler shall have all transactions reconciled by the 3rd working day of the month.
  - v. If no discrepancies are found, the Reconciler will staple all original receipts to the credit card statement and hold on file within the Section/Location for a period of three (3) years, unless purchase is from federal funds. If the purchase is from federal funds contact the Grants unit in the Controller's Office for the retention period.
- C. If the cardholder is unable to reconcile his or her receipt copies with the credit card statement and a charge is disputed, the cardholder shall complete the dispute form found on the reverse side of the credit card statement.
- i. The completed form should be given to the cardholder's supervisor along with a detailed statement explaining the circumstances of the dispute.



- ii. The supervisor shall pass the dispute form and the cardholder's statement to the Reconciler so that he or she may review the NCAS input for the disputed item.
- iii. The Reconciler shall then forward all documentation relating to the disputed item to the Systems Support Unit in the DPS Controller's Office for final resolution.

**NOTE: Under no circumstances shall a Section/Location try to conduct business or resolve a dispute directly with the financial institution. Please refer all questions to the Systems Support Unit in the DPS Controller's Office.**

D. Credits and Returns

- i. If an item has been returned for credit, the cardholder shall obtain an itemized credit voucher, and verify that the credit is reflected on the monthly statement.
  - a. When the cardholder receives a credit voucher on the account, the voucher should be signed, dated and forwarded to the supervisor.
  - b. The supervisor will also sign the credit voucher acknowledging awareness and forward it to the Reconciler.
  - c. The Reconciler shall reconcile the transaction within NCAS as soon as possible and retain the credit voucher with the monthly credit card statement.

**NOTE: Cardholders shall not receive cash, gift cards, in-store credits or any other form of compensation for returns. All return of merchandise shall be credited against the P-Card originally used for the purchase.**

- ii. If a purchase or credit does not appear on the monthly statement, the cardholder shall notify his or her supervisor and the Reconciler.
  - a. If the cardholder is unable to resolve a disputed charge with the vendor, all documentation must be retained with the credit card statement for that period.
  - b. DPS Purchasing and Logistics should be contacted for assistance. They will provide final resolution to the matter

## MEMBERSHIP DUES

Membership dues paid from state funds to organizations shall be kept to a minimum. The Secretary of the Department of Public Safety or designee(s) shall review and approve all memberships paid from state funds to determine that the benefits accruing to the state from such memberships will exceed its cost.

- I. Membership dues shall not be paid for an individual state employee, or for the benefit of an individual state employee.
- II. Membership dues paid from state funds shall be for the benefit of the State, and not for an individual.
- III. If the State is to benefit from an individual's membership in an organization, that benefit should be derived from the individual's position, and not a specific individual.
- IV. Even though a membership may be in the name of a specific individual, the membership shall be cancelled by the Section/Location upon termination of the individual's employment with the Department.
- V. An explanation of the benefit to the State shall be attached to the request for payment of membership dues. No payment of dues shall be made without adequate explanation.

## PROFESSIONAL LICENSURE, CERTIFICATION

- I. If a professional license or certification is required for a particular position and is a condition of employment, (i.e. doctors, nurses, truck drivers, etc.) then the cost of that license or certificate shall not be reimbursed by the Department.
- II. If a professional license or certification is not initially required for a position, but later becomes a requirement of the position, the Department will pay for the initial license/certification only. "Requirement of the position" means that the change has been incorporated into the job description and approved by the human resource office as a requirement of the job.
- III. In cases where licensure/certification is deemed necessary by management for the effective operation of a Section/Location, but is not a requirement of an employee's position, the Department may reimburse the employee for the cost of the license or certificate. The request for payment shall include proper documentation, including justification for the need of the licensure/certification, and shall include approval through the chain of command up to the Division Head or designee

## CONTINUING EDUCATION

Costs associated with maintaining (i.e., courses or workshops) a professional license or certificate are reimbursable. Courses, workshops or seminars not involving academic credit, which may grant CEU's or CPE's or other completion recognition where instruction is usually in modules, 1-3 days in duration, and which charge a registration fee may be paid for by the Department in advance of the training directly to the provider rather than as a reimbursement to the employee. These costs shall be approved in advance by the Location/Section Head based on availability of funds.

## ENTERPRISE TO ENTERPRISE TRANSACTIONS

When one Enterprise plant purchases goods/products from another Enterprise plant, the purchase is initiated by the plant through an email, using the email address 'EPOrder'. The order shall be referred to as an EPOrder. If the purchase is for printing services an electronic copy of a DC-258 – Correction Enterprises Print Order Form (found on Correction Enterprises website under forms) must be attached to the EPOrder.

- I. The initiator shall include in the EPOrder a Customer PO number, Charge Account Code and the Ship To address.
- II. Customer PO number shall be a unique number for each order. The first four numbers of the Customer PO should represent the location number followed by the two-digit year and then the sequenced order number.
- III. The EPOrder is received by Enterprise Customer Service and a BIDS order is established. The Customer Service Section shall email the initiator of the EPOrder and the BIDS order number.
- IV. Once delivery has occurred, Enterprise Accounting will generate invoices and mail them to the respective Enterprise plants.
- V. Enterprise plants shall not generate a Form CNTR 005 for payment of this invoice. Invoices are processed through Enterprise Accounting by journal voucher and are not by the Enterprise plants.
- VI. The unit file shall include a copy of the EPOrder, Delivery Ticket and a copy of the invoice. A log shall be created to track EPOrders, and shall include the following information:
  - Date the order was placed
  - Customer PO Number
  - BIDS Number
  - Item Description

- Requestor Name
- Account Number

- VII. At the end of each month, Enterprise Accounting will create a report noting all transactions that have occurred between the Enterprise plants. An accounting journal entry is then created that will credit/debit the purchase to the respective plant.
- VIII. Enterprise to Enterprise Job Orders. When an Enterprise plant uses materials from another Enterprise plant for a job order (i.e. repair, renovation or new construction), the following procedures shall be used:
- A. Central Engineering staff shall complete a Correction Enterprise Job Order Purchase Request form for Enterprise to Enterprise purchases and place the order with Correction Enterprise Customer Service.
  - B. Central Engineering and Correction Enterprise Accounting shall receive an email with an order tracking number from Correction Enterprise Customer Service when the order is entered into the BIDS system. The Job Order number shall be referenced in the email and the BIDS system.
  - C. Once delivery has occurred, Enterprise Accounting will generate an invoice and forward it to Engineering Administration, and to the appropriate Correction Enterprise plant.
  - D. Neither Central Engineering nor the Correction Enterprise plant shall generate a Form CNTR 005 for payment of this invoice. Invoices are processed through Enterprise Accounting by Journal Voucher and not by Central Engineering or the Correction Enterprise plant.

## CONTRACTUAL SERVICES

- I. Personal Service Contracts
  - A. State agencies shall acquire contractual services only after it is determined that the services cannot be reasonably accomplished by employees of the agency seeking such services. N.C. General Statute 143, Articles 3 and 3C and the rules and regulations and procedures of the Department of Administration, Division of Purchase and Contract provide the reference for the procurement of services.
  - B. A personal service contract is an agreement for services provided by a professional individual on a temporary or occasional basis.

II. Categories of Personal Service Contracts

A. Contractual Employee – These individuals are considered to be an employee under contract for tax reporting purposes only. These individual are subject to federal tax withholding, state income tax withholding, social security tax and Medicare tax. These individuals will be paid through the State payroll system (BEACON) and not DPS Controller’s Office Accounts Payable. A W-2 will be issued to these employees at the end of the calendar year. Based on previous audit by the IRS, the following categories have been determined to be contractual employees:

- Correctional Health Assistant
- Dental Externs
- Dental Interns
- Dental Hygienists
- Dental Assistants
- Nurses
- Nursing Assistants
- EEG Technicians
- Radiology/X-ray Technicians
- Lab Technicians
- Respiratory Therapists
- Physician Assistants
- Physical Therapists
- Pharmacists
- Rehabilitation Therapists
- Correctional Behavioral Specialists
- Social Workers
- Teachers (including Substitutes)
- Substance Abuse Counselors
- Instructional Trainers
- Truck Drivers

**This listing is not intended to be all inclusive.**

To request supplemental staff, Form HR 022, Request for Supplemental Staff, must be completed and submitted to Human Resources.

B. Independent Contractors – The Internal Revenue Service does not consider these individuals employees for tax reporting purposes. A form 1099 will be issued at the end of the calendar year for independent contractors.

Form CNTR 006A (Contractor Personal Services Contract Questionnaire) and Form CNTR 006B (DPS Personal Services Contract Questionnaire) shall be completed and submitted to Purchasing and Logistics so that they may ensure the tax status is

correct. Purchasing and Logistics will send completed forms to the Controller's office for review and determination of status when an independent contractor status is requested.

If the status of Independent Contractor is confirmed, an IRS Form W-9 – Request for Taxpayer Identification Number and Certification shall be completed at the time the contract is initiated and all renewals thereafter. A copy of the W-9 shall be sent to the Controller's Office in order to correctly set-up the independent contractor in the North Carolina Accounting System (NCAS).

- C. Dual Employment – Dual employment occurs when one (1) state department secures the services of an employee of another state department on a part time, consulting, or contractual basis. Please refer to the State Budget Manual, Section 6.2, Dual Employment, for regulations governing dual employment.

### III. Independent Contractor Invoicing Procedures

- A. The independent contractor may not begin his/her duties without an approved purchase order.
- B. A copy of the contract for the Independent Contractor will be sent to the Controller's Office General Accounting Unit along with all pertinent documents.
- C. The Section/Location will be required to maintain the Independent Contractor Time Report (CNTR 007) to document the hours of service performed by the contract professional personnel.
- D. The Purchase Order Number must be included on the CNTR 007 and the CNTR 005.
- E. The CNTR 007, Independent Contractor Time report will be approved by both the Supervisor and the Independent Contractor. The CNTR 007 shall be attached to the CNTR 005 and forwarded to General Accounting no later than the 5<sup>th</sup> working day of the following month.
- F. The total compensation due shall be calculated by the Contractor and verified by the Supervisor prior to submission.
- G. The total dollars due must be receipted into E-Procurement.

### IV. Travel Expense Reimbursement for Contractual Employees and Independent Contractors

- A. Contractual Employees – Travel expense reimbursements for Contractual Employees are subject to the same rules and regulations as state employees. Requests for reimbursement of travel expenses shall be made using Form CNTR 003, Reimbursement of Travel and Other Expense Incurred in the Discharge of Official Duty.

- B. Independent Contractors – Reimbursement of travel expense for independent contractors shall only be paid if authorized by the contract. If authorized, reimbursement shall be requested using Form CNTR 003, Reimbursement of Travel and Other Expense Incurred in the Discharge of Official Duty, and attached to the CNTR 007.
- Travel expense reimbursements for independent contractors are subject to the same rules and regulations as state employees.
  - Proper documentation and required receipts must be attached to the CNTR 003 in order to be reimbursed.
  - Travel reimbursement shall be charged to the contractual account number and not to a travel account number.
  - Travel reimbursement shall not be included on the form 1099.