

## **Payment Policy and Procedures**

### **1. Policy**

This document sets forth as policy the approved payment options for university departments to utilize when paying vendors for goods and services provided. Also included are the procedures to be utilized in conjunction with each payment method.

### **2. Standard Requisition /PO**

Most purchases are subject to price reasonableness or bidding requirements (see Procurement Policy) and require the issuance of a Purchase Order (PO) to the vendor prior to the commencement of work or ordering of goods. This process serves to apply the University's standard contractual terms included in the Purchase Order to the vendor, supports encumbrance of funds, electronic workflow and approvals and provides the ability to match the PO to the vendor's invoice. In all situations, before a good or service is purchased, the end user must enter a requisition into PeopleSoft, keeping in mind that bid requirements, if applicable, must be met for the Purchase Order to be created and the order placed. See Procurement Policy, Bids and Quotations on bid requirements (See <http://www.case.edu/bizpolicies/policies.html>).

Once the entire applicable backup provided with the approved PeopleSoft requisition and contract, if applicable, is received and approved by the Purchasing Buyer or Agent, a PO will be issued to the vendor from the Procurement Office. End users may also check the status of their PO in PeopleSoft.

Once the service is rendered or the good received, an invoice may be submitted to Accounts Payable for processing. All invoices received by AP from the vendor or the end user must have a valid PO number noted on the invoice for prompt payment. The University's payment terms are "Net 45" and as such, the check will be cut and mailed to the vendor on the 45<sup>th</sup> day after the date of the invoice. In all instances, invoices exceeding \$50,000 are routed to the Controller's Office for approval. Limited exceptions exist to the net 45 payment terms including payments to specified MBE/FBE vendors, utility payments, insurance payments, and lab fee payments.

### **3. Direct PO**

Some professional services and goods do not lend themselves to standard competitive bidding processes but still require the inherent financial controls of workflow, encumbrance and contract terms and conditions. The Direct PO process supports these types of transactions. In all situations, before a good or service is purchased, the end user must enter a requisition into PeopleSoft and a PO must be in place. The Direct PO is still requisitioned and a PO is issued, however, the normal bid documentation required for issuance of a standard PO is waived.

The backup required for this type of PO includes:

- Executed Contract if contract based (see Purchasing Policy, Contract Approval)
- Scope of work to include pricing
- All applicable approvals as per procurement policy (See Purchasing Policy). Required approvals are to be processed through the use of a professional services bid exemption form( see attached)

Once the service is rendered, the associated invoice must be submitted to Accounts Payable for processing. Invoices received by AP from the vendor or the end user must have a valid PO number noted on the invoice for prompt payment. Because the vendor may not necessarily send a 2<sup>nd</sup> invoice once the service is rendered, in this case, particularly, it is the responsibility of the end user to submit the invoice to AP with the assigned PO number clearly noted on the invoice. The University's payment terms are "Net 45" and as such the check will be cut and mailed to the vendor on the 45<sup>th</sup> day after the date of the invoice unless a payment term exception is applicable. In all instances, invoices exceeding \$50,000 are routed to the Controller's Office for approval.

*See Procurement Policy, Bids and Quotations" Categories Exempted from Bidding Requirements" (insert link)*

The transaction categories approved for Direct PO's include:

- Advertisements
- Florists (under \$5000)
- Lodging (Under \$5000)
- Membership and Dues
- Registrations
- Subscriptions
- Taxis/ Limousine Service (Under \$5000)

**No commencement of work or ordering of goods is authorized or shall constitute a commitment of the University until one of the above required PO's has been issued. Procurement and Distribution Services will not process payments without a properly executed Purchase Order.**

#### **4. Payment Requests**

Payment Requests differ from PO's and Direct PO's in that Payment Requests are submitted via the AP module in PeopleSoft and are used to typically reimburse persons, pay persons (non service related) or pay a very limited subset of vendors such as INS Visas/fees and insurance. See complete listing below. Payments made through the payment request process are processed upon receipt of request and are generally completed within three to five business days. Net 45 terms do not apply to Payment Request transactions. In all instances, payments exceeding \$50,000 are routed to the Controller's Office for approval.

- **Travel related**
  - Travel Advance
  - Travel Reimbursement
- **Non travel**
  - Non travel Reimbursement
  - Student Reimbursement
- **Other**
  - Cash Awards and Prizes to non University employees
  - Honorarium
  - INS Fees/Visas
  - Insurance (Insurance Office/Controller's Office/Finance and Administration)
  - License and Inspection Fees (non software)
  - Payroll Advances (Payroll Office)
  - Payroll related disbursements (Originate in Payroll Office)
  - Petty Cash (Replenishment of Custodial Accounts)
  - Postage
  - Research participants
  - Scholarships to students

## **5. Procurement Card**

The Procurement Card (PCard) is intended as a convenience tool for small dollar (single transactions of typically \$1500 or less each) purchases of materials/goods. The PCard shall not be used for the procurement of services, unless stipulated in a contractual agreement, as it is important to execute terms and conditions as agreed upon between the University and the vendor. See Procurement Card Policy (See <http://www.case.edu/bizpolicies/policies.html>.)

## 6. DCard

The Departmental Card (DCard) is intended as a convenience tool for small dollar (single transactions of \$500 or less each) purchases of material food in the support of departmental on campus events. Examples of approved purchase on the DCard would be food (under \$500), beverages, paper plates, etc.

## 7. Travel and Expense Card (T&E Card)

The **Travel and Expense Card (T&E Card)** is an individual liability purchasing card which can be issued to a University employee with approval from their Finance Director. T&E Cards must be used only for official university business purposes and in full compliance with other university policies. It is a “charge” or individual liability “purchasing” card rather than a “credit” card; and as such, liability rests *with the employee* for timely payment in full each month to the bank for all transactions each month. It is assigned by the bank to the employee and is only to be used by the employee for Case Western Reserve University travel and related expenses for the term of the employee’s employment with the University.

See T&E Card Policy (See <http://www.case.edu/bizpolicies/policies.html>.)