STANDARD OPERATING PROCEDURE:

8.0 PAYMENTS

This procedure is in accordance with Procurement and Payment Policy 20.1.11.

Introduction

Accounts Payable in University Procurement Services processes approved payments to suppliers for the goods or services purchased by Rutgers. There are various mechanisms of payment, including but not limited to checks, electronic payments, wire transfers, credit card payments, journal entries, and procurement cards. Accounts Payable also works with units when payment cannot be made through regular methods.

Units are responsible for verifying that supplier information and payment terms are accurate, attaining proper authorization to complete transactions, and adhering to university procurement policies in order for payments to be disbursed in a timely manner. Payment issues can be resolved by contacting University Procurement Help Desk.

For training and additional resources on Payments, please visit University Procurement Services’ Training and Resources.

Procedure Outline

8.1 Methods of Payment
8.2 Non-Purchase Order (PO) Upload Requests
8.3 Change in Payment Terms
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Definitions

Automated Clearing House (ACH): An electronic network for financial transactions in the United States; processes large volumes of credit and debit transactions in batches; credit transfers include direct deposit, payroll, and supplier payments.

Bill Head: A form used by units to indicate an individual payee name and address, accounting information, and transaction charges.
**ePayables:** External suppliers may elect to receive payment through the Bank of America ePayables program, in which funds are deposited to the supplier’s virtual (“ghost”) credit card that is assigned to the supplier through the program.

**Journal Entry:** An accounting transaction that records debits and credits from one unit’s ledger account to another. A unit may use a regular adjusting journal for general ledger transactions or a cost transaction journal for project-related expenses.

**PayMode:** External suppliers electing to participate in Bank of America’s PayMode network receive ACH direct deposits through PayMode into the bank accounts designated in the profile maintained by the PayMode network.

**PPD:** Prearranged payment and deposits. Used to credit or debit a consumer account. Used for payroll direct deposits and preauthorized bill payments.

**Standard Operational Procedure (SOP):** A set of instructions that functionally describes the key procedures.

**Unit/Division/Org (UDO):** A unit’s 10-segment ledger string used for charging expenses.

**Wire:** A template for electronically transferring funds from one entity to another.
Procedures

8.1 Methods of Payment

Rutgers offers several methods of payment for suppliers. Payment is issued when all requirements are met for processing an invoice, including making any order modifications, resolving invoice disputes or shipping discrepancies, and goods received or services rendered. Payment methods and terms are determined in the supplier set-up process or the purchase order or related contract.

For all payment requests $25,000 and greater, an additional supplier debarment check will be conducted prior to payment. If a supplier is unable to clear the debarment check, any payment request will be returned unprocessed to the authorized signer of the transaction.

8.1.1 Check

A traditional paper check is the most common method of payment to the supplier. Checks are issued by Accounts Payable and disbursed according to terms negotiated on the purchase order agreement. Check payments over $250,000 must be signed by an employee with corporate authority with counter-signature privileges.

Checks are distributed to the supplier in two ways:

1) By mailing to supplier – Most checks are disbursed by Accounts Payable directly to the supplier. FedEx may be used for priority mailing if the unit provides its FedEx account number for Accounts Payable to indicate on the air bill.

2) By mailing to unit – Units may request a check be mailed back to their location. For example, documentation may be required by the supplier to be included with the check. This is common with Check Requests.

- Most checks produced from the Non-PO Upload Process are mailed back to the unit. Per Audit and Advisory Services, the unit must self-audit to ensure checks are made out to the correct entity.

- In very rare cases, a unit may pick up a check from Accounts Payable in emergency circumstances. The individual must obtain explicit approval from an Accounts Payable manager.

8.1.1.2 Check Request

A check request is an official request to University Procurement Services to initiate payment for goods, services, or other business-related needs. In most cases, these payments do not require units to obtain quotes or bids. Check requests can direct payment to suppliers or to non-employees. Check requests cannot direct payment to a Rutgers employee. See Check Request Processing Instructions.

For University Procurement Services staff, see Check Request Internal Process Instructions.
The Check Request Matrix is maintained by University Procurement Services and outlines the goods, services, or other business-related needs that are allowable to be paid via check request.

The matrix outlines:
- Which goods, services, or items are allowable to be paid via check request;
- The correct account code to use, if applicable;
- A detailed description of the good or service;
- Any details to include in the “Supporting Information” box on the check request form;
- The required supporting documentation, such as an invoice or receipt; and
- The invoice naming/numbering convention that University Procurement Services will use.

Once the unit confirms that a good or service is eligible for check request payment, the unit should:

1) Complete and submit the New Supplier Request form in RU Marketplace, if the supplier/payee is not in the system.

2) Complete the Check Request form in RU Marketplace and submit the Check Request form, along with needed back-up specified in the matrix. For wire transfers, complete and submit the Wire Transfer form in RU Marketplace after submitting the Check Request form.

3) Track the payment status in RU Marketplace. Status can be checked by inputting a requisition number, purchase order, or invoice number in the search bar on the upper right-hand side of the homepage.

Checks are then mailed to the supplier, unless otherwise specified, and the process is complete.

8.1.3 Electronic Transfers through Treasury

ACH and wire transfers are payments sent to the supplier electronically with the assistance of University Treasury through Wells Fargo. University Treasury selects the payment delivery method.

- Payments for domestic non-same day transfers are done through ACH
- Payments for foreign payments and same-day payments are done via wire

Electronic transfers are used primarily for foreign wires, payroll, and pulls (authorized suppliers, such as government entities, debit funds directly from a Rutgers University bank).

After a purchase order or a check request is initiated, the following steps are required:

1) The unit initiates a wire by completing the Wire Transfer form (international or domestic) in RU Marketplace. Purchase order and bank information must be included.
2) The unit submits the form for approval and track the wire transfer status in RU Marketplace through requisition number, purchase order, or invoice number, using the Execute a Document Search job aid for assistance.

3) Once University Treasury approves the request, Accounts Payable creates a system invoice in RU Marketplace.

4) The unit approves the system invoice if the payment is $5,000 and over.

8.1.4 Purchasing Cards (PCard)

Payment is via a Rutgers credit card issued by Bank of America, and administered by University Procurement Services. Low-dollar items may be purchased with the PCard if the following two conditions exist:

- the item is not available from a university-contracted supplier or an internal supplier; and
- the purchase is necessary to the mission of the unit

Units should contact the University Procurement Services category team to confirm that the good or service is not available from a university contract prior to payment.

For more information, please see the Card Programs Procedures Manual.

8.1.5 Journal Entries

Funds are transferred from one unit to another using Unit/Division/Organization (UDO) strings via journal entry, which can either be done online in the Finance Management module or uploaded on templates found in the Office of the University Controller Forms Repository.

Procurement-related processes that use journal entries:

- **Internal Purchase Orders (IPO)** - When a unit buys goods from another unit, invoicing and payment occurs in RU Marketplace similar to processes applied to external suppliers. When an invoice is incorrect, the end user purchasing goods or services from an internal supplier must create a journal entry to make the necessary corrections.

  1) Payments are made through an Oracle generated accounting entry when the IPO payment template is processed by Accounts Payable.

  2) Accounts Payable notifies the unit using the Comment tab in RU Marketplace, when large dollar amount discrepancies flag their internal invoice.

  3) The unit creates the journal entry to pay an overbilled difference owed to the internal supplier.
• **Gift Card Payments** – Units request Bank of America VISA gift cards through University Treasury using bill heads and other required documentation (see 8.4 below).

  1) University Treasury orders the gift cards from the bank on behalf of the unit. Accounts Payable completes the payment portion based on the billheads, where the unit must indicate their full UDO strings.

  2) Accounts Payable creates journal entries to charge the units, debiting their UDO string and crediting University Treasury’s bank accounting string.

• **Adecco, AT&T, Gateway, and CampusShip** - Several suppliers are set up with a dual-step process for payment due to the large volumes of recurring charges.

  1) The supplier provides a statement of invoices issued for a certain period, either emailed to Accounts Payable or available for download on their respective websites.

  2) Accounts Payable creates a [Check Request](#) to pay the supplier a sum based on applicable current charges on the statement. Payment is made out of an Accounts Payable clearing account. A copy of the statement/list of invoices is sent with payment to the supplier.

  3) Accounts Payable creates a journal entry to expense the cost to the unit. The journal will credit the Accounts Payable clearing account and debit the unit UDO.

• **Purchasing Cards (PCard)** – Purchasing Cards can be issued to units (specifically an end user) if they are eligible. Payment of charges incurred on a PCard follows a dual-step process.

  1) University Procurement Services issues payment from a clearing account to the bank to avoid delinquency. A payment file exports from WORKS (a file sharing system in conjunction with the bank) and imports to Oracle. Payment is charged to a default accounting string in Oracle provided by the unit, which is hard-coded to their PCard in the card setup process.

  2) Once the PCard charge hits the unit’s default accounting string, they have the option to journal the expense to another general ledger or project string.

8.1.6 **ePayables Virtual Card**

External suppliers may elect to participate in the Bank of America ePayables Program, in which funds are deposited to the supplier’s virtual (“ghost”) credit card that is assigned to the supplier through the program. The supplier receives email notification from ePayables and receives payment by drafting (charging) the virtual card for the amount of the invoices paid per the email notification. Suppliers or units should contact [Accounts Payable](#) for information and program eligibility.

How the program works:
1) University Procurement Services sets up a participating supplier’s payment address as ePayables Card (as the payment method) in the supplier profile and provides an identifier (sequence of supplier number and address).

2) After a unit purchases from the supplier and invoice processing is completed, Accounts Payable processes an ePayables payment batch, where the supplier-identifying information, invoices, and payment amounts are transmitted to a secure server.

3) The bank picks up the file from the server and processes the file through their system. ePayables credits the supplier’s assigned virtual card with the payment amount.

4) ePayables sends email notification of the payment including invoice details to the supplier. The supplier utilizes this information to charge their card for their invoices.

8.1.7 PayMode

External suppliers electing to participate in Bank of America’s PayMode network receive ACH direct deposits through PayMode into the bank accounts designated in the profile maintained by the PayMode network. PayMode maintains the supplier’s banking and contact information and provides Rutgers University with their unique Integration ID to identify the supplier.

How the program works:

1) University Procurement Services sets up a participating supplier’s payment address as PayMode/ePayables Non-Card (as the payment method) in the supplier profile and includes the integration ID as the bank account number.

2) After a unit purchases from the supplier and invoice processing is completed, Accounts Payable processes a PayMode/ePayables Non-Card payment batch, where the supplier, integration ID, invoices, and payment amounts are transmitted to a secure server.

3) The bank picks up the file from the server and processes the file through their system. PayMode utilizes the Integration ID to create and send ACH transactions to credit the supplier’s designated bank account. PayMode sends an email notification to the supplier identifying invoices paid.

4) Bank of America direct debits a designated Rutgers bank account to obtain funds to credit suppliers.

8.1.8 ACH – CTX

Some suppliers request to have their payments made through electronic funds transfer via ACH, where payments are directly deposited into the bank account designated by the supplier. CTX (Corporate Trade Exchange) is a file format defined for ACH transfers to corporate bank accounts. The supplier’s banking information (routing number and back account) is maintained in the University Procurement Services supplier database.
How the program works:

1) University Procurement Services sets up a participating supplier’s payment address as ACH - CTX (as the payment method) in the supplier profile and enters the routing number and bank account number provided by the supplier.

2) After a unit purchases from the supplier and invoice processing is completed, Accounts Payable processes a CTX payment batch, where the supplier, routing number, bank account and amount of the payment are transmitted to a secure server. Suppliers opting to provide email contact information receive an email notification of payment.

3) The bank picks up the file from the server and processes the file through their system. The bank credits the individual bank accounts designated on the file and charges in bulk the Rutgers bank account.

8.1.9 ACH – PPD

Employees receive reimbursement of their expenses through ACH to the bank accounts that they designate in their Expense System profile. Prearranged Payments and Deposits (PPD) is a file format defined for ACH transfers to personal bank accounts.

How the program works:

1) Employees requesting ACH payment enter their banking information (account type, routing number, and bank account number) to their Expense system profile as the method of payment.

2) After an Expense reimbursement is processed and approved for payment, the Oracle Expense module sends expense payment information including bank routing information and account information to the Oracle Accounts Payable module.

3) Accounts Payable processes a PPD payment batch, where the employee, routing number, bank account, and amount of the payment are transmitted to a secure server. Employees receive email notification of the payment.

4) The bank picks up the file from the server and processes the file through their system. The bank credits the individual bank accounts designated on the file and charges in bulk the Rutgers bank account.

8.1.10 Pre-payments
Pre-payments are payments that a supplier may need before the goods or services are delivered, such as a deposit to start work on a project. These payments have immediate payment terms and Accounts Payable expeditors process pre-payments as acknowledgements to the unit that their request is acceptable. See Pre-Payment Request Process Instructions.

In order to initiate a pre-payment, units must do the following:

1) Determine the need for a pre-payment.

2) Confirm that the purchase is via purchase order (PO).

3) Follow the purchase order process (it is advisable to include "pre-payment" in the product description).

4) Once the PO is approved, units prepare and submit the Pre-Payment Form (with PO#) within RU Marketplace.

5) Track the status of the pre-payment in RU Marketplace. Status can be checked by inputting a requisition number, purchase order, or invoice number in the search bar on the upper right-hand side of the homepage. Use the Execute a Document Search job aid for assistance.

6) Wait for Accounts Payable to review, process and send the pre-payment.

8.2 Non-Purchase Order (PO) Upload Requests

If payment cannot be made using a purchase order or check request, which are the primary methods authorizing procurement of goods and services, a Non-PO Upload request may be initiated by the unit.

Non-PO Uploads are a transaction process used for paying individuals rather than businesses, and payment is in the form of a check.

This process can be used to pay individuals for:

- Human subject payments/direct disbursements
- Non-employee refunds
- Non-qualifying scholarships
- Patient refunds
- Petty cash
- Royalties
- TA/GA awards
Non-PO Uploads make it simple to submit a payment request for multiple individuals at once and allows units to track the status of the request. The process also ensures that the payments meet university requirements and IRS rules governing the taxation of payments to individuals. See Non-PO Upload Request Form Process Instructions.

For University Procurement Services staff, see Non-PO Upload Processing Internal Instructions.

8.2.1 Non-PO Upload Submission

In order to submit Non-PO Uploads for payment, units must do the following:

1) Complete the Non-PO Upload Request Form in RU Marketplace, within Forms, and then Supplemental Forms.

2) Ensure that the upload for all recipients are the same classification. For example, one submission is the royalty non-resident alien list, another submission is the royalty employee submission, etc.

3) Choose Type of Upload and ensure that the individual’s residency status is correctly identified (US citizen, non-resident alien, etc).

4) If recipient/s is a Non-Resident Alien, complete the Payment to Foreign National Form and contact Anelia Dolan with the University Tax Department at andolan@finance.rutgers.edu for review and additional information first before submitting this form with the upload submission.

5) Include the Non-PO Direct Upload Recipient Data File and send to the designated University Procurement Services Sharepoint site, using the requisition number as the file name. Any back-up documentation and receipts should also be included here.

6) Track the status of the request periodically.

8.2.2 Types of Non-PO Uploads

These are the types of non-POs that are available using the Non-PO Upload Request Form:

- **Human subject payment/direct disbursement** – A human subject payment is a payment made to human subject/recipient/ participant in clinical trials, and is typically paid to the Principal Investigator by check using the non-PO upload. The Principal Investigator will then distribute payment to the human subject recipient.

A) By Check:
Required Documentation for Principal Investigator: PDF copy of email, letter or memo detailing the business justification of the payment, along with the bill head form and the Questionnaire for the Management of Funds Direct Disbursement Form on the University Procurement Services website.

Required Documentation for Individual: Human Subject payments directly to the individuals who participated in the study should go through the Check Request Matrix.

B) By Gift Card:

Required Documentation for Store Gift Card: Human Subject payments via store gift cards should go through the Check Request Matrix, where payment is made directly to the business from where the gift cards are purchased. This process is NOT handled by the Non-PO Upload Request Form.

Required Documentation for Bank of America Gift Card: Human Subject payments via Bank of America cards are NOT handled by the Non-PO Upload Request Form. Units should work directly with Accounts Payable.

Needed documents are located on the University Procurement Services website and include the following:

- Bank of America Visa Card Banking Agreement Form
- Bank of America Visa Card Receipt Information Form
- Bill Head Form
- Questionnaire for the Management of Funds Direct Disbursement Form

Non-employee refund – A non-employee refund is a university-associated fee (not related to travel or business expense) that is paid for by the non-employee but that should be returned in certain circumstances. Examples of a refund include but are not limited to a fee for a canceled program, a canceled class, deposit returns, etc.

Required Documentation: Cash Transmittal, Copy of the Check, Payment information.

Non-employee travel or business expense reimbursements, on the other hand, are expenses normally paid for by Rutgers, but are reimbursed to the non-employee for out-of-pocket costs (see Travel and Expense Management Policy 40.4.1).

Units should continue to request travel and business expense funds via the check request.

Non-Qualifying Scholarship - A non-qualifying scholarship is an expense such as room, board, travel (i.e. attend a conference), research (i.e thesis research) living allowance for non-employees, or expenses other than qualified tuition and fees, that can be issued in periodic payments. This may include certain types of fellowships. Examples of fellowships could include undergraduate summer research grants, honors program grants, or STEM (Science, Technology, Engineering, and Math) grants. A non-qualifying scholarship payment shall not be in exchange for services or jobs.
Required Documentation: Letter describing type of fellowship or scholarship, completed W-9 (if US Citizen and resident alien), W-8BEN (if foreign), completed Payment to Foreign National form (if foreign)

- **Patient refund** – This is a refund for overpayment of patient account.
  Required Documentation: Cash Transmittal, Copy of the Check, Payment information.

- **Petty Cash** – This is a reimbursement of funds held by the unit, and originally approved by Treasury. All reimbursements are audited by Brenda Crawley (Accounting) and forwarded to Accounts Payable for payment.
  Required Documentation: Cash Transmittal, Copy of the Check, Payment information.

- **Royalties** – This is a payment for “permission to use” intangible property (i.e.: copyright, patent, software license. Employee royalties must be processed through the non-PO Upload. Royalties can also be paid by check request for a smaller number of recipients or for non-employees (see Check Request Matrix).
  Required Documentation: Attached document with business purpose and description, accounting royalty distribution spreadsheet, completed Payment to Foreign National form (if foreign).
  Additional Required Documentation for Non-Employees: completed W-9 (if US Citizen and resident alien); W-8BEN (if foreign)

- **Teaching Assistant/Graduate Assistant (TA/GA) awards** - payment used for activities associated with academic progress toward the degree such as summer support, research support and travel.
  Required Documentation: Completed Payment to Foreign National form (if foreign); back-up documentation is kept within the unit (due to sensitivity of data)

### 8.3 Change in Standard Payment Terms

Any request for change in standard payment terms as set forth in a purchase order must be approved by Accounts Payable and University Procurement Services with justification provided by the unit or supplier. Units should reach out contacting University Procurement Help Desk for any such request. Accounts Payable may negotiate any alternative payment terms.

If approved, the change will be done by the Vendor Maintenance team within University Procurement Services.

### 8.4 Miscellaneous Transactions

Miscellaneous transactions are critical functions handled by Accounts Payable that may not fall directly under regular invoicing or payment processes, but can be related to procurement activities.

#### 8.4.1 Credit Memos
Credit memos are sent to Accounts Payables directly by the supplier and processed in RU Marketplace in accordance with university policies. Units will see credits reflected in their purchase order as they would regular invoice transactions. See 7.0 Invoicing.

8.4.2 Check Refunds

Accounts Payable receives supplier checks due to credits owed to Rutgers University. Credits may be for returned goods, overpayments, duplicate payments, and other erroneous payments. Returned funds may be related to purchase orders, check requests, direct disbursements, human subject payments, gift cards payments, or travel expense reimbursements.

Check refunds are processed by Accounts Payable through Wells Fargo and the Finance Management module, using cash journal templates found in the Controller’s Office Forms Repository. The refund process does not tie funds directly back to a related purchase order in RU Marketplace; thus the unit is responsible for doing any order modifications if needed.

8.4.3 Check Cancelation/Stop Payments

Accounts Payable works with Rutgers University banking partners to void/reissue or stop payment/reissue disbursed check payments to suppliers that may be lost, missing, or sent to the wrong location. Units can initiate these requests using the Check Cancelation/Stop Payments Form found on the University Procurement Services Forms Repository.

8.4.4 Gift Cards

There are two processes that units can pay for gift cards:

A) Store Cards - If the unit wishes to buy gift cards issued by a particular store, the unit must submit a routine check request with the appropriate documentation. See the Check Request Matrix for more information.

Necessary documentation is located on the Accounts Payable page, along with a quote from the supplier:

- Questionnaire for the Management of Funds

B) Bank Gift Cards – If the unit wishes to buy standard bank issued gift cards, the unit must submit the following forms found on the Accounts Payable page:

- Bank of America Visa Card Banking Agreement form
- Bill Head form
- Questionnaire for the Management of Funds
- Bank of America Visa Card Receipt form
Completed forms should be emailed to Banking and Reconciliation, unless specified on the form (for human subject payments). University Treasury will request the gift cards which will be mailed directly to the Requestor. In conjunction with University Treasury, Accounts Payable expenses the cost to the UDO via journal entry as indicated on the completed Bill Head form.

8.5 Utilities

Payments for utilities are processed through Accounts Payable. Utilities including electric, water, telephone, cable, and gas can either be processed on a check request or purchase order. Units should review the Check Request Matrix to determine if they qualify.

8.5.1 Telephone

Some charges for telephones (land or mobile) are centrally invoiced on a monthly basis. Accounts Payable pays those bills out of a general ledger clearing account and then charges to units accordingly. Other related charges can be routinely processed through the check request method. Units should review the Check Request Matrix to determine the needed supporting documents for payment.

8.5.2 Cable

Cable television or internet charges may be processed on a purchase order or check request. The preferred method is via check request. Units should review the Check Request Matrix to determine the needed supporting documents for payment.

8.5.3 Electricity

Electric supply charges may be processed on purchase order or check request. The preferred method is via check request. Units should review the Check Request Matrix to determine the needed supporting documents for payment.

8.5.4 Water

Bottled water must be paid through the purchase order process. Water considered a utility (house/building) can be paid through the check request method. Units should review the Check Request Matrix to determine the needed supporting documents for payment.

8.6 Direct to Oracle Feeds

The following units that utilize procurement systems outside of RU Marketplace, and initiate invoicing and payment processes without any involvement from University Procurement Services or Accounts Payable. However, these payments are generated in Oracle, therefore payments (commonly traditional paper checks) are produced with payments that go through University Procurement Services.

- Student Accounting, Billing, and Cashiering Services
- University Libraries
• Dining Services
• Grant and Contract Accounting

How it works:

1) The units are granted access to a template that is customized specifically for the Oracle direct feed process. Upon completing the template with relevant invoice, supplier, and payment data, the unit uploads it to an SFTP (secure file transfer) server.

2) The file is picked up in Oracle and payment is processed. Expenses are charged to units in the Finance Management module.

3) Accounts Payable releases payment from Oracle and produces paper checks or selects electronic payment methods if applicable.

4) Paper checks are sent to suppliers with regular check disbursement procedures.

8.7 Taxes

University purchases are not subject to New Jersey sales and use taxes when used for educational and charitable purposes. Certain other states also honor this or have an equivalent rule, thus the unit must determine whether sales or use tax is allowable. The unit can reach out to Tax Services for more information.

Units can also contact the University Procurement Services Help Desk for assistance with the relevant required tax forms that a supplier must complete, found in the Forms Repository.
• W-9
• Foreign Visitor Information Sheet for Payment Purposes
• W-8 and IRS Instructions
• Nonresident Alien Tax 8233 and IRS Instructions
References

Campus Instructions

Check Request Processing Instructions
Submit a Check Request
Non-PO Upload Request Form Process Instructions

Process Flowchart
Payment Process

University Procurement Services Internal Instructions

Check Request Internal Process Instructions
Non-PO Upload Processing Internal Instructions

Revisions

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