

**Subject: Direct Payment Procedures**

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**1. Purpose**

To speed the administrative processing of certain payment transactions and to reduce the number of forms needed to complete these transactions, the direct pay procedure may be followed.

**2. Guidelines**

Some payment transactions, due to the simplicity of their nature, can be processed in an expedited manner. Also, there is a group of purchases that does not require competition and/or are not subject to state or university purchasing regulations. Payment may be made directly to the supplier. It is the intent of the Office of the University Controller and the Purchasing Department to maximize the use of this procedure to reduce administrative processing time and cost at all levels.

**3. Procedures**

Financial Transactions. The items listed below may be paid directly to the payee with a Direct Pay, Reimbursement Request, a Travel and Meal Expense Voucher, or a Revenue Refund Form. These items are financial transactions and are not subject to purchasing regulations. Invoices should be sent directly to the Controllers Office (mail code 0312) for payment processing.

<u>Payment Type</u>	<u>Form</u>
Individual travel and Business Meals	Travel and Meal Expense Voucher
Reimbursement expenses	Reimbursement Request
Revenue refunds	Revenue Refund Form
Disability; Employee Suggestion Awards; Late Fees; Payroll Deductions; Property Rental; Scholarships, Fellowships, and Stipends; Research Project Participants (subjects); Treasury Board; and Unemployment compensation payments.	Direct Pay

Direct Pay Purchases. The following list of transactions can be enacted without competition and can be processed for payment in an expedited manner. Within the HokieMart, prepare a Direct Pay Form for all transactions conforming to the guidelines listed below, and enter the Payment Category Code using the item numbers below (i.e., A1 for utility payments, etc.). If the invoice was received at the Department, annotate the PO number and send the invoice to the Controllers Office (mail code 0312) for payment processing.

eVA. Some transaction categories are required to be transmitted to the state’s e-procurement system (eVA) and some are exempt. Transaction categories are marked accordingly. Transactions that are required to flow to eVA should be enacted with eVA-registered vendors if at all possible to avoid paying additional fees.

**A. Items with no dollar value limitation**

1. Utility payments (eVA exempt)
2. Purchases from the US Post Office (eVA exempt)
3. Licenses (Federal, state or local) excluding software licenses (eVA exempt)
4. Animal registrations (eVA transaction)
5. Payment to vendor for meals and lodging provided to invited guest, e.g. speaker or interviewee. Individual meals and lodging subject to current travel regulation limits. (eVA exempt)
6. Purchases from other governmental and public entities (Federal, State, local, town, city, state colleges and universities, authorities, public boards and state hospitals) (eVA exempt)
7. Livestock (domestic farm animals such as horses, sheep, pigs, chickens, cows, bulls, goats, etc.) (eVA transaction)
8. Credit card charges for gasoline and other emergency charges while in a transit status (eVA exempt)
9. Legal services, expert witness or other services associated with litigation or regulatory proceedings approved or obtained by the University Legal Counsel (eVA transaction)
10. Legal settlements approved by the University Legal Counsel (eVA transaction)
11. Lodging and/or meeting rooms in Hotels, Conference Centers, etc. excluding charges for additional services (see Item E(4) for valuation limit and definition of additional services). (eVA exempt)
12. Employee moving and relocation expenses being paid to moving companies. Refer to University Procedure 20345: Moving and Relocation. (eVA transaction)
13. Group travel arrangements in foreign countries. May include cost of transportation, lodging, meals and special services. (eVA exempt)
14. Royalties/broadcast rights and film rentals from the producer or protected distributors (eVA transaction)
15. Payments made to private educational institutions for transactions not associated with a sponsored research subaward (eVA exempt)
16. Membership and Association dues including related assessments. Accreditation fees. (eVA exempt)
17. University participation in intercollegiate athletic tournaments and events including team travel, registration, and tournament fees (eVA exempt)
18. Referees, Officials and Umpires for intercollegiate athletic events (eVA exempt)
19. Honoraria, fees for performing artists, speakers, lecturers, musicians, writers, and artists. For honoraria payments over \$500, the faculty sponsor should submit a note of justification. No honoraria, speaker fees or other payments can be made under this provision to any Virginia Tech employee in any amount. (eVA exempt)

**B. Items with a valuation limit of \$2,000**

1. Reimbursements to university employees for goods or services purchased at personal expense for use by the university, not to exceed \$2,000 per reimbursement. Itemized receipts are required. Personal use items, gifts and entertainment are not eligible for reimbursement from state funds. Travel-related expenses (meals, car rental, lodging, etc.) should be reimbursed under travel procedures. (eVA exempt)

**C. Items with a valuation limit of \$10,000**

1. Freight bills/express shipping/common carriers/tariffs, import and export duties and customs brokerage fees. Refer all charges expected to exceed this amount to purchasing for competitive rate quotes. (eVA transaction)

**D. Items with a valuation limit of \$12,500**

1. Medical payments for student athletes injured while participating in an intercollegiate athletic activity. Total payments to a physician per injury per athlete shall not exceed \$12,500. (eVA exempt)

**E. Items with a valuation limit of \$50,000**

1. Conference fee/course fees/seminars/training sessions/tuition and other registration fees attended by university employees and students and guests. Total university payments to a trainer should not exceed \$50,000 per year under direct pay procedures. (eVA exempt)
2. Consulting and/or training services associated with academic or research programs including travel and living expenses (established University Travel Management Contract must be used where applicable). Total university payments to an individual consultant or consulting firm should not exceed \$50,000 per year under direct pay procedures. (eVA transaction)
3. Advertising for employment opportunities and other announcements (all media). (eVA exempt)

4. Additional services (meals, audio-visual equipment, etc.) associated with lodging and/or meeting rooms in Hotels, Conference Centers, etc. (eVA transaction)
5. Subscriptions, books, pre-printed materials, reprints, publishers page changes, book subscriptions, book subventions, subscription mailing list (printed or electronic), pre-recorded audio and video cassettes, conference proceedings, slide presentations, tapes, CDs and diskettes, when available only from the publisher or producer. (eVA transaction)
6. Alcohol purchased from ABC stores (eVA exempt)
7. Photographers (excluding graduation photographic services for which there is a university contract). (eVA transaction)
8. Academic testing services (eVA exempt)
9. Rental fees for exhibitions of historical artifacts and original works of art. Fees may include other associated charges such as transportation, freight, supplemental insurance, etc. (eVA exempt)
10. Group travel arrangements within the United States. May include cost of transportation, lodging, meals and special services. If lodging only is being obtained, use item A-11. If the group travel costs will be in excess of \$50,000 paid to the same vendor, Purchasing will need to complete a Purchase Order. (eVA exempt)

Documentation. Even though university policy may not require the preparation of a purchase order for direct pay transactions, some vendors may desire this documentation in confirmation of the university's intentions. The Purchasing Department will prepare such documentation upon request and receipt of a Requisition for Purchase. More commonly, vendors will seek to have the university employee sign some form of contract for the goods or services. University Policy 3015 details contract signature authority and requires that all vendor contract documents be reviewed by University Legal Counsel prior to signature.

#### **4. Approval and Revisions**

- Revision 5

Entire document revised and updated.

Approved August 21, 1997, by Director of Materials Management, W. Thomas Kaloupek.

Annual review, October 29, 1998, by Director of Materials Management, W. Thomas Kaloupek. No revisions.

- Revision 6

Items A-11 and E-1 raised from \$15,000 to \$20,000.

Approved September 5, 2001 by Director of Materials Management, W. Thomas Kaloupek.

- Revision 7

Section 3. Payment Types expanded.

Section 3, new sections D and E added to policy.

Section 3, H, #1 – “conference proceedings” added to items with a valuation limit of \$30,000.

Section 3, H, #4 – Details added on handling of honoraria payments and speaker fees.

Approved April 25, 2002 by Vice President for Budget and Financial Management, M. Dwight Shelton, Jr.

- Revision 8

Minor updates to form titles and procedures to provide more details for clarification.

Approved April 16, 2004 by Vice President for Budget and Financial Management, M. Dwight Shelton, Jr.

- Revision 9

New Section J added regarding items with a valuation limit of \$50,000.

New Section J, #1 added regarding group travel arrangements.

New valuation limit of \$50,000 (an increase from \$30,000) set for membership and association fees (new Section J, #2) and royalties/broadcast rights and film rentals from the producer or protected distributors (new Section J, #3).

Approved January 16, 2005 by Vice President for Budget and Financial Management, M. Dwight Shelton, Jr.

- Revision 10

Update to incorporate changes resulting from implementation of the University's e-procurement system (HokieMart) and the state e-procurement system (eVA), including reference to items subject to mandated eVA transaction fees.

Change in limits (to unlimited) for various items (see new Section A, #10 and #12-#19); from \$5,000 to \$10,000 (see new Section C); from \$10,000 to \$12,500 (see new Section D); and new valuation limit of \$50,000 (see new Section E, #4-#10).

Approved September 7, 2006 by Vice President for Budget and Financial Management, M. Dwight Shelton, Jr.