

Procedure 20310: Invoice Payment

All invoice payments should be processed by the department using the HokieMart purchasing system. There are various payment forms available in HokieMart for departments to use to process payments. Invoices are received centrally in the Controller's Office for orders placed using HokieMart. For payments where the department receives the invoice, the department should process the invoice in HokieMart using the proper form and send the invoice to the Controller's Office with the purchase order number written on the invoice. Please refer to: <http://www.procurement.vt.edu/Department/Procedures/Intro.html> for an overview of HokieMart.

A. Procedure

Each department is responsible for determining its needs and for procuring goods and services in accordance with the Virginia Public Procurement Act and procedures established by the Procurement Department. The expenditure must be in support of the mission of the department. Each payment should have all information concerning the expenditure either attached in HokieMart to the purchase order or clearly stated on the requisition in HokieMart. This includes any documentation that is needed to justify the necessity of the expenditure.

B. Unallowable Expenses

The university is exempt from Virginia State Sales Tax. This includes items purchased using the university procurement card (pcard). Virginia Sales Tax Exemption forms can be obtained from Procurement at 231-6221. Departments should work with vendors to make sure that sales tax is not improperly charged on invoices and pcard transactions.

The following list contains examples of expenditures that are considered improper uses of public funds. These lists are intended to provide general guidance to departments in judging the appropriate use of public funds. However, any expenditure may be questioned, even those that are not included on the following lists.

Employee personal expenses such as:

1. Books for classes (unless they remain property of the University)
2. Snacks for refreshments
3. Baby sitting
4. Non-business related newspapers or magazine subscriptions
5. Personal articles that are lost or stolen
6. Tuxedos or other formal wear

7. Clothing (non-uniform) or repairs to clothing damaged in the work place
8. Purchase of faculty regalia (annual rental expense is allowed)
9. Coffee makers, toasters, and other small appliances for employee use (refrigerators and microwave ovens are allowed for central breakrooms only; however, small appliances are not)
10. All expenses related to personal negligence of the employee, such as traffic fines and towing

Agency-Sponsored event expenses incurred that do not clearly support the agency mission such as:

1. Retirement parties or employee going away parties (unless allowed by a departmental employee awards and recognition procedure on file with Human Resources)
2. Holiday decorations or parties
3. Alcoholic beverages
4. Charitable contribution
5. Sponsorships unless there is a clear benefit to the department's mission
6. Gifts and flowers
7. Scholarships to cover tuition, fees, room & board, other than those approved through Human Resources, University Scholarships and Financial Aid, or Sponsored Programs.

C. Allowable Expenses with Restrictions

Some expenditures may only be allowed if certain budget conditions are met or other internal university procedures are followed. The following are examples of these type of expenditures.

1. Faculty expenses for copyediting and such prior to book/manuscript publishing if approved by the department head or senior management and the scholarly work supports the faculty field of study.
2. Expenditures for book publishing can only be paid up to the amount approved by the Faculty Book Publishing Committee sponsored by the Provost Office. Please refer to http://www.provost.vt.edu/faculty_affairs/faculty_development/book_subvention.html for an overview of this procedure.

D. Vendor Accounts

University departments should not establish accounts with vendors without approval from the Procurement Department or the Controller's Office. Accounts such as a Vendor credit card, Amazon Prime membership, or Sam's Club membership should not be established in the name of the university department or university employee.

E. Guidelines for Payments

When the Controller's Office receives an invoice, the HokieMart purchase order will be reviewed in HokieMart and the HokieMart receiving report will be reviewed and compared to the invoice. Departments have the responsibility of timely completing receiving in HokieMart in order to aid the Controller's Office in payment of invoices.

If an encumbered order will be received in more than one shipment, this should be reflected on the HokieMart receiving report. Multiple receiving reports can be created in HokieMart for purchase orders. Partial shipments should be processed for payment as soon as received unless the Purchase Order terms require the completed shipment be received before payment is made.

Funding for purchase orders are entered by the requestor in the HokieMart. Orders can be split funded and this information is interfaced to Banner to be used for payment when the invoice is processed. When a credit memo is to be used against a payment, be sure to include this information in the notes of the receiving report. Credit memos cannot be entered in HokieMart. If a department receives a credit memo, reference the purchase order on the credit memo and send it to the Controller's Office for entry in the Banner Finance system.

If an invoice amount exceeds the original HokieMart purchase order, attach a note on the receiving report in HokieMart indicating the price change if the department is aware of it. Generally, if the invoice amounts are 10% or \$100 greater than the prices reflected on the HokieMart purchase order (by line item), the Controller's Office will contact the department to receive approval for the increase in price.

F. Guidelines for Direct Pay

The Direct Pay form in HokieMart is used for all payments that are listed in the Direct Payment Policy 3220. The department must code the "payment category" field on the Direct Pay form to document what direct pay or purchasing category authorizes the expenditure. Payments that fall outside of these categories should be placed in HokieMart on a Non Catalog form.

All prepayments must have an itemized original invoice, a registration form, or some other documentation to send to the vendor with the check. Prepayment requests that are sent to the Controller's Office without supporting documentation to send to the vendor will be held and the requesting department will be contacted to obtain the necessary documents. Prepayments can only be made in accordance with state mandated guidelines. The department must enter prepayments as a HokieMart purchase requisition and check the "Notify AP-Prepayment" box. The supporting documentation (invoice, registration form,

etc.) should be electronically attached to the HokieMart requisition. The Controller's Office is notified by HokieMart to process the prepayment invoice.

G. Payments to Other State Agencies

University departments may receive invoices from other Virginia state agencies. The department should enter the invoice in HokieMart as a direct pay and attach the invoice as support for the disbursement. The authorized payment category for these payments is described as "purchases from other governmental and public entities". Please refer to the direct pay policy at <http://www.vt.edu/administration/policies/3220.pdf> for the authorized payment code.