

Procedure 20310f: Payment Tolerance

Payment tolerances are in place for HokieMart Purchase Orders as a means to stop overpayment of a good or service invoice without approval from the department.

A. Rules

PO & Invoice Line Items

When an invoice is submitted with a higher price per line item than the purchase order, the Accounts Payable analysts determines if the overages exceeds \$100 of the line item. Accounts Payable will pay an invoice overage that does not exceed the tolerance limit without further approval from the university department or Procurement.

If the overage listed on the invoice should not have been paid, the department will need to request a credit memo from the vendor for the correct invoice line item and invoice total amount.

If the per line item difference between the invoice and the purchase order exceed the \$100 tolerance, Accounts Payable will contact Procurement or the department through a HokieMart comment or email requesting approval to pay higher amount. Request for payment approval for decentralized purchase orders are directed to the department. Request for centralized purchase orders are directed to Procurement.

Departments or Procurement will give written approval to Accounts Payable to pay the overage greater than \$100 via a comment in HokieMart or email. The Accounts Payable analyst will make a note of approval on the invoice document image in BDMS Xtender Application system. If the overage listed on the invoice should not be paid on decentralized purchase orders, the department will need to request a credit memo from the vendor for the correct invoice line item and invoice total amount. If the overage listed on the invoice should not be paid on centralized purchase orders, Procurement must reach out to the vendor requesting a new invoice.

Shipping & Freight

If the invoice has shipping, handling, or freight fees and does not exceed \$100 over the line item, Accounts Payable will pay the fee without further approval from the university department or Procurement.

If the invoice has shipping, handling, or freight fees and does exceed \$100 over the line item, Accounts Payable will receive further written approval from the university department (decentralized PO) or Procurement (centralized PO). Accounts Payable will not process the invoice until approval has been received.

B. Exceptions

- Constructions and A/E purchase orders/ invoices are exceptions to the tolerance rule due to the funding and record keeping requirements of those construction projects. Approval is required from Procurement before construction and A/E invoice with higher price per line item can be paid.

C. Record Keeping

- Maintain documentation of approval for overages through HokieMart comments or email between an Accounts Payable analyst and department (decentralized PO) or Procurement (centralized PO) before payment can be made under the tolerance rule.
- Maintain documentation by a department or Procurement, dependent upon the type of purchase order, when an overage is not approved. Department to obtain a credit memo from the vendor or Procurement to contact vendor for a new invoice. Accounts Payable to process upon receiving written approval.

D. Department Responsibilities

- Accounts Payable will manage payment tolerances under this procedure.
- Procurement will be responsible for support and approval when invoices are above the standard tolerance for centralized purchase orders.
- University departments will be responsible for support and approval when invoices are above the standard tolerance and are applied against a HokieMart generated departmental decentralized purchase order.