Direct Payments Policy

Policy 501.10

1 Introduction

1.1 This policy provides guidance related to the disbursement of funds by direct payment. Direct payments are made when a payable has been recognized, the payment is in compliance with all federal, State, and University requirements, and a University Purchase Order has not been issued.

2 Scope

2.1 This policy applies to all faculty, staff, students, and non-employees as described in the North Carolina Budget Manual published by the Office of State Budget Management.

3 Definitions

3.1 Authorizer

means the designated University employee authorizing the direct payment requested by the Requestor.

3.2 Company

means a payee classified as a C-Corp, S-Corp, limited liability company as filed with the Internal Revenue Service.

3.3 Direct Payment Form

means the form use to request direct payment of an expense as authorized by this policy, which is available at [http://controller.appstate.edu/downloadable-forms](http://controller.appstate.edu/downloadable-forms).

3.4 Individual

means a payee that is an individual person, a sole proprietor(individual doing-business-as), or a partnership as defined by the Internal Revenue Service.

3.5 New Vendor Information Form

means the form to be completed prior to making payment to any vendor that has not previously performed services for the University for pay, which is available at [http://controller.appstate.edu/downloadable-forms](http://controller.appstate.edu/downloadable-forms).

3.6 Pre-Payment Authorization Form

means the form to be completed when vendor requires prepayment of expenses, which form is available at [http://controller.appstate.edu/downloadable-forms](http://controller.appstate.edu/downloadable-forms).

3.7 Requestor

means the University faculty, staff, student or other affiliated person requesting direct payment of an expense authorized by this policy.

4 Policy and Procedure Statements

4.1 Types of Direct Payments

4.1.1 General Policy

The Direct Payment Form is to be used for the payment of obligations by the University when a purchase order has not been issued. Types of payments include expense reimbursements, meals and entertainment expense reimbursements, invoices less than $1,500.00 for supplies and materials, and invoices for services less than $5,000.00. Prepayments, honorariums, workshop
participants, research subject payments, payments for independent personal services, or other documented obligations are also allowed as direct payments by purchasing and spending guidelines.

4.1.2 Expense Reimbursements - An expense reimbursement occurs when a Requester incurs a business related expense that is paid from personal funds. In order to be reimbursed for a business related expense, the business reason for the expense must be stated on the Direct Payment Form and supporting documentation must be attached. Supporting documentation must include an original itemized receipt. If an itemized receipt cannot be provided, the Requestor must document why an itemized receipt could not be obtained and must provide additional supporting documentation (i.e. non-itemized receipts, credit card statements, bank statements, cancelled checks). Acceptability of supporting documentation will be reviewed by the Office of the Controller on a case by case basis.

4.1.3 Meals and Entertainment Expense Reimbursements

1. Meals and entertainment expenses may be reimbursed to a Requestor when incurred in connection with the performance of his/her duties for the University. The following information is required to complete the reimbursement request for meal and entertainment expenses: the location of the event; the date and time of the event; the business purpose of the event; a list of those in attendance at the event; an original itemized receipt (if an original itemized receipt cannot be obtained, the Requestor must provide the original receipt and list the items purchased and state that no alcohol was purchased.); and, if applicable, authorization for the purchase of alcohol by Academic Affairs (section 9 of the Direct Payment Form).

2. If the payment is to be made to a Company or Individual not affiliated with the University, the payment is not considered a reimbursement. In these instances, either the invoice block or other block should be checked in Section 4 of the Direct Payment Form. The supporting documentation requirements are the same, however, original itemized invoices must be submitted since no receipt is normally associated with these types of transactions. If an itemized invoice cannot be obtained, the Requestor must state the reason it cannot be provided and submit a list of the items with the request. Additional supporting documentation may be required.

4.1.4 Invoices - Original invoices or printed invoices, if received by email, for the purchases of supplies and materials less than $1,500.00 and services less than $5,000.00 can be submitted for payment on the Direct Payment Form. Purchases that exceed these limits will be reviewed by the Purchasing Department before being processed further. Copies of invoices, pro forma invoices, or statements should only be submitted if there is no feasible way to obtain an original or imaged invoice. All purchases must be in compliance with University policies.

4.1.5 Prepayments - In general, the University does not pre-pay expenses. The Pre-Payment Authorization Form should be used when a vendor does not accept a purchase order from the University. By signing the Pre-Payment Authorization Form, the using department acknowledges and assumes all risks of loss or non-performance by the vendor. The Pre-Payment Authorization Form must be attached to the Direct Pay Form when necessary. The Purchasing Department will sign-off on the Pre-Payment Authorization Form acknowledging that the vendor will not accept a purchase order and will forward the documents to Accounts Payable for processing. The Purchasing Department should be contacted in advance in cases of doubt about use of a Pre-Payment Authorization Form in conjunction with the Direct Payment Form.

4.1.6 Honorariums - The invitation letter for an honorarium is required to be attached to the Direct Payment Form in addition to providing all other related information for the payment on the Direct Payment Form. Honorarium payments to non-United States citizens require additional procedures. For assistance, please consult the Office of International Education and Development before the person arrives on campus.

4.1.7 Workshop Participants - The participant’s social security number or federal tax identification number is required to be noted on the Direct Payment Form in the space provided before the payment can be processed. If the payee has not previously been paid for services to the University, an IRS form W9 or New Vendor Information Form must be provided.

The Requestor must provide the following information on the Direct Payment Form: the name/description of the workshop, the date and time of the workshop, the location of the workshop, and the individual responsible for the workshop.

4.1.8 Research Subject Payments - The University must obtain the subject’s name, social security number/Banner ID and address in order to conform to certain Internal Revenue Service reporting requirements. The informed consent document signed by the subject and process for research studies involving payment to human subjects must provide information to the subject regarding the need to disclose name, social security number/Banner ID, and address to the University for payment purposes.

The subject’s social security number is required to be noted on the Direct Payment Form in the space provided before the payment can be processed. If the payee has not previously been paid for services to the University, an IRS form W9 or New Vendor Information Form must be provided.

The Requestor must provide the following information on the Direct Payment Form: the name/description of the research, the name of the person administering the research, and the dates and times of participation. Use of the Direct Payment Form is required for payments of $100.00 or more.

See Academic Affairs Policy 210 for additional detail [http://policy.appstate.edu/Payments_to_Human_Subjects](http://policy.appstate.edu/Payments_to_Human_Subjects)
4.1.9 Payments for Personal Services - In order to maintain compliance with the Internal Revenue Service, federal and state regulations, and University policy, contracts for services must be established and reviewed prior to the performance of services and the submission of documentation for payment. Under certain circumstances contracts and requests for funds can be made simultaneously following a compliance review. In addition, the project director must monitor the services until completion if funds are issued in advance. (See Purchasing Policy 509.20 for additional information.) A copy of the contract for services completed must be attached to the Direct Payment Form each time the contractor is to be paid. An original invoice from the contractor must be attached to the Direct Payment Form if provided. Otherwise note the description of services provided and the dates and times of the work performed each time the Direct Payment Form is submitted.

4.1.10 Other - For payments submitted on the Direct Payment Form that do not meet one of the listed types of payment, please specify the type of payment provided in the space in section 4. Provide additional details in the space provided in section 4 and attach all supporting documentation. Additional information may be requested by the Office of the Controller.

4.2 Submission of Payments

4.2.1 Time Period for Submission - In general, payments submitted for direct payment should be sent to the Office of the Controller within 30 days from the time the expense was incurred. Requests submitted after 30 days may require additional explanation as to why the request was submitted outside of the 30 day timeframe.

4.2.2 Documentation to be Attached Required - Direct Payments are to be submitted to the Office of the Controller at the Business Affairs Annex once all authorizations have been obtained and all supporting documentation has been attached or referenced on the Direct Payment Form as required by this policy. Incomplete payment requests or requests without proper authorizations will be returned to the requesting department for correction.

4.2.3 Denial of Payment or Request for Information - The Office of the Controller reserves the right to deny certain types of payments and also reserves the right to request additional supporting documentation, information, or justification.

4.3 Authorizations

4.3.1 All Direct Payment forms must be signed by a Requestor and an Authorizer. Additional authorizations may be required based on division/departmental policies.

4.3.2 The Requestor’s signature verifies that “Under penalties of perjury, I certify that this is a true and accurate statement of expenses incurred on behalf of Appalachian State University”.

4.3.3 The Authorizer’s signature verifies that “I have examined this payment and that it is just, reasonable, and correct”.

4.4 Payments to Non-United States Citizens

4.4.1 Special care needs to be taken when paying vendors and individuals who are not United States citizens. If a department anticipates that they will be paying a foreign vendor for services provided in the United States, or if a non-United States citizen is going to be invited to campus, they must contact the Office of the Controller or the Office of International Development and Education prior to initiating services or inviting an individual to campus.

4.4.2 In general payments to foreign vendors for products or for services that are not performed in the United States are handled in the same manner as payments to United States based entities.

4.5 Exceptions

4.5.1 Exceptions to this policy will be reviewed on a case by case basis and will be supported by additional information, documentation, and/or justification.

5 Additional References

Basic Spending Guidelines Policy 501.21

6 Authority

North Carolina Budget Manual

7 Contact Information

Office of the Controller 828.262.2110
8 Original Effective Date

   September 1, 2012

9 Revision Dates