

STANDARD OPERATING PROCEDURE: 8.0 PAYMENTS

This procedure is in accordance with Procurement and Payment Policy [20.1.11](#).

Introduction

Accounts Payable in UPS 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 Services Help Desk](#).

For training and additional resources on Payments, please visit UPS' [Training and Resources](#).

Procedure Outline

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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.

Convera – wire payment system used to pay international suppliers with invoices in USD.

Corporate Trade Exchange (CTX): A file format defined for ACH transfers to corporate bank accounts.

E-Payables: External suppliers may elect to receive payment through the Bank of America E-Payables program, in which funds are deposited to the supplier's virtual credit card that is assigned to the supplier through the program. The supplier must "charge their card" to receive their funds. E-Payables is the preferred method of payment where suppliers have quick access to funds in a secure environment.

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-X: External suppliers electing to participate in Bank of America's PayMode network receive ACH direct deposits through Paymode-X into the bank accounts designated in the profile maintained by the Paymode-X network. For suppliers, Paymode-X is the second preferred method of payment managed by Bottomline / Bank of America. Banking information is not maintained at Rutgers. This method is only available for companies and LLCs.

Prearranged Payments and Deposits (PPD): A file format defined for ACH transfers to personal bank accounts.

Pre-payments: Payments that may be requested by a supplier prior to goods or services being rendered (such as deposit to start work on project).

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 payment method for electronically transferring funds from Rutgers to another entity through Treasury. At Rutgers, these are used for international payments only and domestic payments as an exception.

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.

8.1.1 Payment Terms for NEW Suppliers effective August 2020:

Rutgers offers the following standard terms and requirements for all procurement suppliers (with the exception of sub-awards). Unless the supplier has a UPS-negotiated contract with different terms, any exception to these terms must be requested by a Rutgers Unit Head and approved by the Associate Vice President and Chief Procurement Officer (or designee).

PAYMENT TERM TABLE

Payment Terms	Payment Type	Invoice Type (Transmission Mode)
Immediate (upon approval of invoice)	e-Payables (Virtual Card)	e-Invoicing (cXML or Jaggaer portal invoicing)
		PDF invoice to Digital Mailroom (DMR)
Net 30	Paymode-X (ACH)	e-Invoicing (cXML or Jaggaer portal invoicing)
Net 45		PDF invoice to Digital Mailroom (DMR)

EXCEPTIONS

Individuals *

Net 30	Any Payment Type	e-Invoicing (portal invoicing)
Net 45	Any Payment Type	DMR, PDF Invoice

Alternative terms

ALL EXCEPTIONS and Payment by check setup MUST be approved by the Associate Vice President and Chief Procurement Officer (or designee).

Supplier Invoice submissions will be monitored by invoice type and payment type may be changed by UPS if there are changes in the transmission mode.

8.1.2 Electronic Payment (virtual credit card, Paymode-X or ACH)

Rutgers has a robust electronic payment program available to domestic suppliers and LLCs. Suppliers are offered these programs at the time of Rutgers onboarding. Ongoing suppliers may reach out to [University Procurement Help Desk](#) for program onboarding information.

Electronic payment options are identified in order of preference:

1. **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.
2. **Paymode-X:** External suppliers electing to participate in Bank of America's Paymode-X network receive ACH direct deposits through Paymode-X into the bank accounts designated in the profile maintained by the Paymode-X network.
3. **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. These payment types are on an exceptional basis.

8.1.3 Check

While not a preferred method of payment, a paper check is the default method of payment to the supplier, until electronic payment is established. Checks are issued by Accounts Payable and disbursed according to terms negotiated on the purchase order agreement.

Checks are distributed to the supplier in two ways:

- 1) By mailing to the supplier – Most checks are disbursed by Accounts Payable directly to the supplier. On an exception basis, express mail may be used for priority mailing if the unit provides a pre-printed PDF label to Accounts Payable.
- 2) By mailing to the 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.
 - Most checks produced from the Non-PO Upload Process are mailed back to the unit. 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 permission from the Accounts Payable supervisory approval.

8.1.4 Check Request

A check request is an official request to UPS 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 be payable to a Rutgers employee. See [Check Request Processing Instructions](#).

The [Non-PO Transaction Matrix](#) is maintained by UPS 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 (or Non-PO upload);
- 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 UPS will use

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

- 1) If the supplier/payee is not in the system complete and submit a supplier invitation request in [PaymentWorks](#), the Rutgers self-service supplier portal.

- 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.

8.1.5 Electronic Transfers through Treasury

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

- Payments for domestic wire transfers are authorized only with the approval of AP and the Treasury Office and non-same day transfers are done through ACH
- Foreign payments and same-day payments are done via wire transfer (Convera) in USD denomination. Suppliers must register with Convera prior to the submission of a payment request.

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 tracks the wire transfer status in RU Marketplace through requisition number, purchase order, or invoice number.
- 3) Once University Treasury approves the request, Accounts Payable creates a system invoice in RU Marketplace. For Convera processing, the funds transfer once the wire form is approved by Treasury. The accounting of the transfer is based on the successful processing of the invoice or check request.
- 4) For sub-awards invoices for all amounts and invoices \$5,000 and above, the AP Expeditor will approve the invoice on behalf of the unit.

8.1.6 Purchasing Cards (PCard)

Payment is via a Rutgers credit card issued by Bank of America and administered by UPS. 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 Help Desk](#) to confirm that the good or service is not available from a university contract prior to payment.

8.1.7 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 Financial 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 Rutgers unit buys goods or services from another Rutgers 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) When large dollar amount exceptions occurs, Accounts Payable notifies the unit using the Comment tab in RU Marketplace,
 - 3) The unit creates the journal entry to pay an overbilled difference owed to the internal supplier.
- **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) UPS issues payment from a clearing account to the bank to avoid delinquency. A payment file exports from BOA 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 set up 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.

8.2 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. See the [Non-PO Transaction Matrix](#) for a complete list of these transactions.

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](#).

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 UPS with justification provided by the unit or supplier. Units should contact [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 Supplier Maintenance team within UPS.

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 deposited by Accounts Payable and electronically booked to a clearing account. Accounts Payable books a journal entry to credit the appropriate funding source using forms found in the Controller's Office [Forms Repository](#). The refund process does not place funds directly back on the related purchase order in RU Marketplace; thus the unit is responsible for doing any order modifications if needed.

8.4.3 Check Cancellation/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 Cancellation/Stop Payments Form found on the [UPS Forms Repository](#).

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 [Non-PO Transaction Matrix](#) to determine if they qualify.

8.5.1 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 [Non-PO Transaction Matrix](#) to determine the needed supporting documents for payment.

8.5.2 Water (Bottle vs. Utility)

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 [Non-PO Transaction 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 UPS or Accounts Payable. However, these payments are generated in Oracle, therefore payments (commonly traditional paper checks) are produced with payments that go through UPS.

- Student Accounting, Billing, and Cashiering Services
- University Libraries
- Dining Services
- Grant and Contract Accounting
- Legal
- Patient Refunds

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.

References

Campus Instructions

[Check Request Processing Instructions](#)

[Submit a Check Request](#)

[Non-PO Upload Request Form Process Instructions](#)

Revisions

Effective Date	Approver	Change Reference	Issue #
06/2023	M. Gower		3