Direct Pay Guidelines

I. INTRODUCTION & GENERAL GUIDELINES

A. The "Direct Pay" method of purchasing represents payment for goods or services which are ordered directly by a department and paid directly by Accounts Payable (for outside vendors) or through the internal chargeback process (for inter-departmental transactions).

1. Direct Pay requests are neither forwarded to, nor processed by, the Purchasing Department.
2. Unlike a Purchase Order which encumbers funds prior to payment, Direct Pays are recorded on the finance system only at the time that payment is made.

B. Direct Pays must be properly authorized and should be tracked by the user department.

1. Financial Managers must approve all items submitted for Direct Pay. Personal reimbursements to Financial Managers submitted via Direct Pay must also be signed by the Financial Manager's supervisor.
2. Departments should ensure that any Direct Pay item received is priced correctly, complete, and in proper working order prior to submitting the invoice to Accounts Payable.

C. Purchases by the University, including those made via Direct Pay, are exempt from Missouri state and local sales taxes.

1. Departments must inform vendors of the University's tax exempt status when making purchases and placing orders. A copy of the University's tax exemption letter is available in Accounts Payable.

II. ITEMS ELIGIBLE FOR DIRECT PAY

A. Items eligible for Direct Pay include any goods or services ordered from outside vendors or from the Southeast Bookstore where the total cost per order is up to $1000.

1. Exceptions are those items listed in section III.
2. The $1000 limit includes freight, special handling, insurance, etc.

B. The following items are eligible for Direct Pay regardless of dollar value (e.g., the $1000 limit does not apply).

1. Subscriptions/Publications
2. Dues/Membership Fees
3. Inter-Departmental Transactions ($1000 limit for Bookstore only)
4. Non-Employee Honorariums/Stipends
5. Utility/Telephone/Cable TV bills
6. Certain Travel Expenses

1. Conference/seminar registration fees, transportation (airfare, airport shuttle, bus) and lodging, only if billed directly to the University by the vendor.
2. All travel expenses, including Direct Pay items, must be reported on the Monthly Expense Report (see Business Policy & Procedure Manual, Section OP 07-02.III.B.)
3. Transportation costs expected to exceed $3,000 for any one trip should be referred to the Purchasing Department.
4. Direct Pay may be used for personal reimbursements for any of the items noted in sections II.A and II.B, with the exception of inter-departmental transactions, honorariums/stipends, and travel
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expenses. Personal reimbursements for travel expenses are to be included on the Monthly Expense Report.

III. ITEMS NOT ELIGIBLE FOR DIRECT PAY

The following items are not eligible for Direct Pay and must be ordered via a Purchase Requisition:

A. Goods or services (regardless of the dollar amount) which are ordered from state or University contracts.

B. Goods or services exceeding $1000 except for those items listed in section II.B.

C. Computers, printers, telephones, copiers, copier maintenance, printing and copying services, fax machines, and office furniture.

D. Projected annual purchases of $3,000 or more for identical items. Departments shall not submit separate invoices for identical items which, when combined, exceed $3,000 annually. Competitive bidding through the Purchasing Department is required.

IV. DIRECT PAY METHODS

A. Direct Pay Rubber Stamp: To be used when an external invoice or form contains all the vendor information needed to process the payment.

   1. Departments should maintain a log to track Direct Pay rubber stamp activity. See Attachment A for example.
   2. The stamp imprint is placed directly on the original invoice/form and the stamp spaces are completed by the department. See Attachment B for example.
   3. Examples include vendor invoices, subscription/registration forms, and utility bills.

B. Payment Voucher (External): To be used when an invoice, receipt, or other form does not contain all the vendor information needed to process the payment.

   1. The department completes the required information on the Payment Voucher and attaches original supporting documentation. See Attachment C for example.
   2. Examples include non-employee honorariums/ stipends, replenishment of petty cash funds, and personal reimbursements.

C. Interdepartmental Expense Transfer Form: To be used for inter-departmental transactions which are not automatically posted through the finance system.

   1. The department completes the required information on the form including the University budgets to be charged and credited. See Attachment C for example.
   2. Examples include inter-departmental sales of services, supplies, and equipment.

D. Recurring Internal Chargebacks: Used for inter-departmental transactions which are automatically charged through the finance system on a periodic basis.

   1. The department need not submit any documentation to Accounts Payable as these charges are automatically charged through the finance system.
2. Examples include bookstore purchases and internal charges for telephone services, printing/duplicating, and central receiving.

V. INSTRUCTIONS FOR PLACING DIRECT PAY ORDERS WITH VENDORS

A. Contact vendor to order desired item(s). Ask if vendor requires a hard copy purchase order (if answer is yes, item cannot be ordered via direct pay and must go through Purchasing). Order should include item description, catalog number, price, color, quantity, size, and any other pertinent information.

B. Inquire whether the item is in stock or on back order, and anticipated delivery date.

C. Inquire how item will be shipped, whether shipping charges apply, if any discount is available, etc.

D. Provide vendor with a Direct Pay number.

E. Instruct vendor where to ship item. Be certain vendor includes Direct Pay number*, department name, mailstop, and name of requestor on shipping label.

Example: Southeast Missouri State University Sarah Steinnerd, Mailstop 2035, Purchasing Department, One University Plaza, Cape Girardeau MO 63701. Instruct vendor to send the invoice to the following address. Be certain vendor includes Direct Pay number on the invoice.*

Southeast Missouri State University
Accounts Payable, Mailstop 3250
One University Plaza
Cape Girardeau MO 63701

*The Direct Pay number MUST BE IDENTIFIED on all shipments and invoices to ensure that Central Receiving can deliver the goods and Accounts Payable can identify the invoices.

VI. DEPARTMENTS TO CONTACT FOR ASSISTANCE

Departments may contact the Purchasing Department (ext. 2202) or Accounts Payable (ext. 2055) with any questions concerning Direct Pay procedures. In addition, departments are encouraged to contact the following offices for technical assistance:

Computer hardware, software Computer Services and peripherals ext. 2217

Office and copier supplies Central Receiving 651-2998

Telecommunications needs Telecommunications ext. 2575

Printing and copying needs Public Services/Publications (573) 651-2509