FIN-038

Receiving Goods and Services and Timely Disbursements of University Funds

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Policy Type University

Contact Office Procurement Services

Oversight Executive
Vice President and Chief Financial Officer

Applies To Academic Division and the College at Wise.

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Reason for Policy

The University is committed to sound fiscal stewardship of University funds. This policy provides guidelines for the timely payment of goods and services, internal controls, and required documentation to comply with state and federal laws.

Definition of Terms

Goods

Description Tangible property for sale, lease, or rental (i.e., merchandise, commodity, etc.).

Purchase Order (PO)

Description

A commercial document issued by the University to a supplier, indicating types, quantities, terms and agreed prices for products or services that the supplier will provide to the University.

Receiving

Description The process of documenting the receipt of goods and services.

Service

Description

An activity in which labor is the major factor and not merely incidental to the production, acquisition, and/or delivery of a good.

Supplier

Description

Any entity that provides goods or services. (Also referred to as a vendor.) For credit card transactions, commonly referred to as a merchant.

Supplier Invoice Request

Description

A task in the finance system used to submit payment requests for suppliers and non-employee individuals for transactions not required on a Purchase Order or Travel and Expense Card (previously referred to as Payment Voucher.)

University Funds

Description

All funds appropriated, generated, awarded, donated, or otherwise received by the University regardless of their source. The term University Funds does not include Agency Funds that the University maintains for legally separate external student organizations or other entities.

University Travel and Expense Card (T&E Card)

Description

A University credit card issued to an authorized individual to make official purchases of goods and services (that do not require competitive bidding), travel, meals, and entertainment quickly and directly.

Policy Statement

All expenditures of University funds must be necessary, reasonable, and directly related to the goals and mission of the University. All persons authorizing expenditures must be mindful that expenditures are subject to scrutiny

by state authorities, sponsors, auditors, and other interested parties. All payments for goods and services must comply with University policies and procedures and state and federal laws.

State law stipulates that all goods and services purchased by the University along with the source of funds used for each purchase be identified properly. Departments must acknowledge in a timely manner the receipt of goods and services. Payments issued by the University for goods and services must not be sent to a University departmental address. Invoices for goods and services not obtained in accordance with these requirements will not be processed.

1. **Timely Payments to Suppliers:**
   The University seeks to establish payment terms of net 45 or 1.5% net 15 with all suppliers doing business under a contract or purchase order (PO). [The 1.5% net 15 is an early pay discount. Suppliers who opt for this reduce the cost of their invoice by 1.5% if paid within 15 days.] In the absence of a contract or PO, the Commonwealth of Virginia's Prompt Pay law stipulates that payment must be made within 30 days of the receipt of an original invoice by Procurement Services – Accounts Payable or 30 days after the receipt of goods and services in the department placing the order, whichever occurs later. The date of the postmark on the envelope in which the check is mailed or the system payment date (for electronic fund payments) is deemed to be the date payment is made.

   If Procurement Services – Accounts Payable is unable to process an invoice for payment on time, the supplier may bill for interest at the prevailing 90-day U.S. Treasury Bill rate. Any interest penalty must be paid out of existing local departmental funds.

   The payment performance of individual departments affects the University's overall compliance with contract terms and the Commonwealth's Prompt Pay law. In addition, the payment performance of an individual department may compromise the ability of all other University departments to do business with the same supplier(s). For example, suppliers may refuse to accept orders from one University department because of another department's delinquent account.

2. **Receipt of Goods and Services:**
   Acknowledging receipt of goods and services via packing slip documents the satisfactory receipt of goods, materials, equipment, supplies, services, etc. Acknowledging receipt of goods and services in the finance system provides an auditable source of verification that goods or services were received in a manner acceptable to the conditions and requirements of the contract or PO prior to the authorization of invoices for payment.

   Departments are responsible for promptly confirming:

   a. Received goods to verify the correct items, in acceptable condition (i.e., free of defects), and the agreed upon quantity, were delivered in accordance with the terms of the order/contract. Warranties and returns may be affected by any delay.
   b. Rendered services have been delivered in accordance with the terms of the order/contract.

   The finance system will prompt requestors of goods and services to acknowledge the receipt of goods and services for all invoices of $10,000 or greater. Invoice approvals confirming receipt acknowledgment must include all relevant packing slip or receiving documentation that proves goods/services were received. Departments may also attach any receipt materials and documentation to any supplier invoice in the

finance system, regardless of dollar amount.

Performing receipt acknowledgement in the finance system occurs on a pending invoice and is the authorization for payment. Departments must monitor the procurement and payment of goods and services for appropriate and necessary spending.

3. **Separation of Duties:**
   Good business practice separates the duties of purchasing, receiving, authorizing payment for goods and services, and reconciling of the departmental account among two or more people. The person documenting the receipt of goods and services should not be the same individual who authorized the order or the payment to the vendor.

   Departments that cannot meet this requirement due to small staff size must implement compensating controls. Temporary staffing changes, such as vacation or illness, must have compensating controls documented in departmental paperwork such as the monthly reconciliation. General questions on compensating controls should be directed to the assistant vice president and university controller or designee.

4. **Exemption from Sales Tax:**
   As an agency of the Commonwealth, the University is exempt from Virginia sales and use tax on all goods and services except for purchases of lodging if: (i) the goods and services further the mission of the University; (ii) payment comes directly from the University rather than from an individual reimbursed by the University; and (iii) for meals only, the University determines the place, time and recipients of the meal. Also, University purchases are not subject to many Federal excise, communications (e.g., wireless and cellular phone services), and transportation taxes. If a supplier requires proof of exemption, the Virginia Sales and Use Tax Certificate of Exemption and Communications Sales and Use Tax Certificate of Exemption forms are located on the Procurement Services' website. For tax exceptions with other states, see the State Tax Exemption Information website to determine the University's exemption status. It is the department's responsibility to claim these exemptions when submitting a PO to a supplier.
5. **Authorization for Payment:**
   In most situations, a departmental manager's or supervisor's approval is sufficient to authorize the processing of a transaction; however, the associate vice president & deputy vice president for finance and the senior director of procurement services have ultimate responsibility for expenditure transaction processing and may, as required by other University policies, require additional approvals.
   - For academic units (schools and departments), additional approval if needed would be sought from the executive vice president and provost.
   - For administrative units, additional approval if needed would be sought from the executive vice president and chief operating officer.
   - For other units, the approval of the university president may be required.
   - For units at the College at Wise, additional approval if needed would be sought from the vice chancellor in the division from where the goods or services were purchased.

6. **Requirements for Processing an Invoice:**
   Invoices must include the PO number. If an invoice is submitted without a PO number, it will not be processed. Procurement Services will return the invoice to the supplier who will have to provide a new invoice with the PO number.

Suppliers must send all invoices to the Accounts Payable division of Procurement Services, not to the department making the purchase. If a supplier sends an invoice to a department, the department must forward the invoice to Accounts Payable immediately and notify the supplier of the proper process for invoice processing.

7. **Document Retention:**
   In general, departments must record the **PO number** and **receipt date** on the packing slip or other shipping documents of all received goods. Departments must retain receipt documentation within the finance system or in their own files (paper or electronic) in compliance with IRM-017: Records and Information Management. Goods and services paid via a Supplier Invoices Request or the University Travel and Expense Card, however, have separate requirements which must be followed.
   - See policy FIN-046: Use of the Supplier Invoice Request for the records management requirements for purchases made with a Supplier Invoice Request.
   - See Use of the University Travel and Expense Card for the records management requirements for purchases made with the University Travel and Expense Card.

8. **Responsibilities:**
   Departments are responsible for:

   - Assigning responsibilities and properly training individuals in the receiving process.
   - Monitoring budgets and determining in advance that department financial resources are sufficient to pay for any goods or services ordered.
   - Timely processing of invoices and receiving such that all eligible discounts are earned so the University can benefit from payment discounts.
   - Immediately forwarding invoices to Accounts Payable for processing that are sent directly by the supplier to the department.
   - Staying informed about current processes and procedures applicable to the purchase and payment of goods and services.

   Procurement Services is responsible for:

   - Promptly processing (as defined by the negotiated supplier terms) all valid invoices upon receipt to avoid assessment of late fees.
   - Placing a hold in the finance system in cases where an invoice cannot be processed for payment because the associated PO in the finance system is not complete, approved, and valid for the invoice.
   - Processing a payment, charging the transaction to the originating department's suspense account when a department fails to resolve the invoice hold within prescribed timelines.
   - Providing reports as necessary to enable departments to determine when an invoice has been placed on hold and instructions for resolving the hold.
   - Promptly removing a hold upon notification by a department that a replacement PO has been entered into the system.

9. **Compliance with Policy:**
   A University employee or student who makes an unauthorized purchase may have their purchasing responsibilities suspended or revoked and may be held personally liable for any charges incurred. Failure to comply with the requirements of this policy may result in disciplinary action up to and including termination or expulsion in accordance with relevant University policies.

Direct questions about this policy to Procurement Services.

Related Information

Use of the Travel and Expense Card
FIN-004: Travel, Meals, and Entertainment Expenses Incurred on Behalf of the University
FIN-030: Purchases of Goods and Services
FIN-044: Use of the University Travel and Expense Card
FIN-046: Use of the Payment Voucher
IRM-017: Records and Information Management
Commonwealth of Virginia Prompt Pay Law

Major Category Finance and Business Operations

Next Scheduled Review Friday, February 23, 2029

Revision History

Confirmed, updated titles, links, resources 2/23/26; Confirmed 9/2/25; Revised 5/25/22; Updated 8/2/19; 7/17/18; 8/12/16.

Supercedes Policy Text

VI.F.1: Disbursements: General Requirements; VI.F.3: Timely Payments to Vendors; VI.H.1: Receiving Goods and Services.

Approved By Policy Review Committee

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