



## Direct Payment Procedures

### No. 3220

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3/3/1989

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**Affected Parties:**  
Faculty  
Staff

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### 1.0 Purpose

To speed the administrative processing of certain payment transactions and to reduce the number of forms needed to complete these transactions, the direct pay procedure may be followed.

### 2.0 Policy

Some payment transactions, due to the simplicity of their nature, can be processed in an expedited manner. Also, there is a group of purchases that does not require competition and/or are not subject to state or university procurement regulations. Payment may be made directly to the supplier. It is the intent of the Office of the University Controller and the Procurement Department to maximize the use of this procedure to reduce administrative processing time and cost at all levels.

Categories of payment transactions qualifying as direct pay transactions are provided as general descriptors under Section 3. Procedures below. Any questions or clarifications regarding whether a payment transaction fits within the categories contained in this procedure should be referred to the Director of Procurement. The Director of Procurement will review the circumstances and make a written determination.

### 3.0 Procedures

Financial Transactions. The items listed below may be paid directly to the payee with a Direct Pay, Reimbursement Request, a Travel and Meal Expense Voucher, or a Revenue Refund Form. These items are financial transactions and are not subject to purchasing regulations. Invoices should be sent directly to the Controller's Office (mail code 0312) for payment processing.



Payment Type	Form
Individual travel and Business Meals Reimbursement expenses	Travel and Meal Expense Voucher Reimbursement Request
Revenue refunds	Revenue Refund Form
Disability; Employee Suggestion Awards; Late Fees; Payroll Deductions; Property Rental; Scholarships, Fellowships, and Stipends; Research Project Participants (subjects); Treasury Board; and Unemployment compensation payments.	Direct Pay

Direct Pay Purchases. The following list of transactions can be enacted without competition and can be processed for payment in an expedited manner. Within the HokieMart, prepare a Direct Pay Form for all transactions conforming to the guidelines listed below, and enter the Payment Category Code using the item numbers below (i.e., A1 for utility payments, etc.). The HokieMart is not programmed to send a copy of the direct pay purchase order to the supplier. If the invoice was received at the Department, annotate the PO number and send the invoice to the Controller’s Office (mail code 0312) for payment processing.

eVA. Some transaction categories are required to be transmitted to the state’s e-procurement system (eVA) and some are exempt. Transaction categories are marked accordingly. Transactions that are required to flow to eVA should be enacted with eVA-registered vendors if at all possible to avoid paying additional fees.

**A. Items with no dollar value limitation**

1. Utility payments (eVA exempt)
2. Purchases from the US Post Office (eVA exempt)
3. Licenses (Federal, state or local) excluding software licenses (eVA exempt)
4. Animal registrations (eVA transaction)
5. Payment to vendor for meals and lodging provided to invited guest, e.g. speaker or interviewee. Individual meals and lodging subject to current travel regulation limits. (eVA exempt)
6. Purchases from other governmental and public entities (Foreign, Federal, State, local, town, city, state colleges and universities, authorities, public boards and state hospitals) (eVA exempt)



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7. Livestock (domestic farm animals such as horses, sheep, pigs, chickens, cows, bulls, goats, etc.) (eVA transaction)
8. Credit card charges for gasoline and other emergency charges while in a transit status (eVA exempt)
9. Legal services, expert witness or other services associated with litigation or regulatory proceedings approved or obtained by the University Legal Counsel (eVA transaction)
10. Legal settlements approved by the University Legal Counsel (eVA transaction)
11. Lodging and/or meeting rooms in Hotels, Conference Centers, 4-H Centers, etc. excluding charges for additional services (see Item E.4.) for valuation limit and definition of additional services). (eVA exempt)
12. Employee moving and relocation expenses being paid to moving companies. Refer to University Procedure 20345: Moving and Relocation ([www.controller.vt.edu/20345.pdf](http://www.controller.vt.edu/20345.pdf)). (eVA transaction)
13. Group travel arrangements in foreign countries. May include cost of transportation, lodging, meals and special services. (eVA exempt)
14. Royalties/broadcast rights and film rentals from the producer or protected distributors (eVA transaction)
15. Payments made to private educational institutions for transactions not associated with a sponsored research subaward (eVA exempt)
16. Membership and Association dues including related assessments. Accreditation fees. (eVA exempt)
17. University participation in intercollegiate athletic tournaments and events including team travel, meals and lodging, registration, Bowl insurance, and tournament fees (eVA exempt)
18. Referees, Officials and Umpires for intercollegiate athletic events (eVA exempt)
19. Honoraria, fees for performing artists, speakers, lecturers, musicians, writers, and artists. For honoraria payments over \$500, the faculty sponsor should submit a note of justification. No honoraria, speaker fees or other payments can be made under this provision to any Virginia Tech employee in any amount. (eVA exempt)

### **B. Items with a valuation limit of \$2,000**

1. Reimbursements to university employees for goods or services purchased at personal expense for use by the university, not to exceed \$2,000 per reimbursement. Itemized receipts are required. Personal use items, gifts and entertainment are not eligible for reimbursement from state funds. Travel-related expenses (meals, car rental, lodging, etc.) should be reimbursed under travel procedures. **NOTE:** Reimbursement requests have a special form in HokieMart. (eVA exempt)

See Item F. below for items with valuation limit of \$5,000.



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### C. Items with a valuation limit of \$10,000

1. Freight bills/express shipping/common carriers/tariffs, import and export duties and customs brokerage fees. Refer all charges expected to exceed this amount to purchasing for competitive rate quotes. (eVA transaction)

[Note: Refer to Controller's Office Procedure 20345 ([www.controller.vt.edu/procedures/20345](http://www.controller.vt.edu/procedures/20345)) for information regarding common carriers used by new employees for household moving and relocation.]

### D. Items with a valuation limit of \$20,000

1. Medical payments for student athletes injured while participating in an intercollegiate athletic activity. Total payments to a physician per injury per athlete shall not exceed \$20,000. (eVA exempt)

### E. Items with a valuation limit of \$50,000

1. Conference fee/course fees/seminars/training sessions/tuition and other registration fees attended by university employees and students and guests. Total university payments to a trainer should not exceed \$50,000 per year under direct pay procedures. (eVA exempt)
2. Consulting and/or training services associated with academic or research programs including travel and living expenses (established University Travel Management Contract must be used where applicable). Total university payments to an individual consultant or consulting firm should not exceed \$50,000 per year under direct pay procedures. (eVA transaction)
3. Advertising for employment opportunities and other announcements (all media). (eVA exempt)
4. Additional services (meals, audio-visual equipment, etc.) associated with lodging and/or meeting rooms in Hotels, Conference Centers, 4-H Centers, etc. (eVA transaction)
5. Subscriptions, books, pre-printed materials, reprints, publishers page changes, book subscriptions, book subventions, subscription mailing list (printed or electronic), pre-recorded audio and video cassettes, conference proceedings, slide presentations, tapes, CDs and diskettes, when available only from the publisher or producer. (eVA transaction)
6. Alcohol purchased from ABC stores (eVA exempt) [Note: Ability to purchase alcohol is limited to Dining Services and The Inn at Virginia Tech.]
7. Photographers (excluding graduation photographic services for which there is a university contract). (eVA transaction)
8. Academic testing services (eVA exempt)



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9. Rental fees for exhibitions of historical artifacts and original works of art. Fees may include other associated charges such as transportation, freight, supplemental insurance, etc. (eVA exempt)
10. Group travel arrangements within the United States. May include cost of transportation, lodging, meals and special services. If lodging only is being obtained, use item A-11. If the group travel costs will be in excess of \$50,000 paid to the same vendor, Purchasing will need to complete a Purchase Order. (eVA exempt)

### F. Items with a valuation limit of \$5,000

1. Catering Services. For policy related to catering, see University Policy 3006 at <http://www.policies.vt.edu/3006.pdf>. This policy directs consideration for the use of university catering services for events being held on campus. For policy guidance related to business meals, see Controller's Office procedures located at [www.controller.vt.edu/procedures/20310a](http://www.controller.vt.edu/procedures/20310a). For current meal reimbursement rates see [www.controller.vt.edu/procedures/20335c](http://www.controller.vt.edu/procedures/20335c). Catered business meals may be allowed at up to 150 percent of meal reimbursement rate. Organizations should select caterers that are certified in Virginia as small, women-owned, or minority business. Organizations that make frequent use of catering firms should ensure that the yearly business volume is rotated among at least three catering firms. (eVA transaction)

Documentation. Even though university policy may not require the preparation of a purchase order for direct pay transactions, some vendors may desire this documentation in confirmation of the university's intentions. The Procurement Department will prepare such documentation upon request and receipt of a Requisition for Purchase. More commonly, vendors will seek to have the university employee sign some form of contract for the goods or services. University Policy 3015 (<http://policies.vt.edu/3015.pdf>) details contract signature authority and requires that all vendor contract documents be reviewed by University Legal Counsel prior to signature.

## 4.0 Definitions

## 5.0 References

Controller's Office Procedure 20345: Moving and Relocation

[https://www.controller.vt.edu/content/dam/controller\\_vt\\_edu/procedures/travel/20345.pdf](https://www.controller.vt.edu/content/dam/controller_vt_edu/procedures/travel/20345.pdf)

Policy 3006, Catering Policy

<http://www.policies.vt.edu/3006.pdf>

Controller's Office Procedure 20310a: Business Meals and Refreshments

[https://www.controller.vt.edu/content/dam/controller\\_vt\\_edu/procedures/accountspayable/20310a.pdf](https://www.controller.vt.edu/content/dam/controller_vt_edu/procedures/accountspayable/20310a.pdf)

Controller's Office Procedure 20335c: Meals & Incidental Expenses

[http://www.controller.vt.edu/content/dam/controller\\_vt\\_edu/procedures/travel/20335c.pdf](http://www.controller.vt.edu/content/dam/controller_vt_edu/procedures/travel/20335c.pdf)



Policy 3015, University Contract Signature Policy and Procedure

<http://policies.vt.edu/3015.pdf>

## 6.0 Approval and Revisions

- Revision 5

Entire document revised and updated.

Approved August 21, 1997, by Director of Materials Management, W. Thomas Kaloupek.

Annual review, October 29, 1998, by Director of Materials Management, W. Thomas Kaloupek. No revisions.

- Revision 6

Items A-11 and E-1 raised from \$15,000 to \$20,000.

Approved September 5, 2001 by Director of Materials Management, W. Thomas Kaloupek.

- Revision 7

- Section 3. Payment Types expanded.
- Section 3, new sections D and E added to policy.
- Section 3, H, #1 – “conference proceedings” added to items with a valuation limit of \$30,000.
- Section 3, H, #4 – Details added on handling of honoraria payments and speaker fees.

Approved April 25, 2002 by Vice President for Budget and Financial Management, M. Dwight Shelton, Jr.

- Revision 8

Minor updates to form titles and procedures to provide more details for clarification.

Approved April 16, 2004 by Vice President for Budget and Financial Management, M. Dwight Shelton, Jr.

- Revision 9

- New Section J added regarding items with a valuation limit of \$50,000.
- New Section J, #1 added regarding group travel arrangements.
- New valuation limit of \$50,000 (an increase from \$30,000) set for membership and association fees (new Section J, #2) and royalties/broadcast rights and film rentals from the producer or protected distributors (new Section J, #3).

Approved January 16, 2005 by Vice President for Budget and Financial Management, M. Dwight Shelton, Jr.

### Revision 10

- Update to incorporate changes resulting from implementation of the University’s e-procurement system (HokieMart) and the state e-procurement system (eVA), including reference to items subject to mandated eVA transaction fees.



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- Change in limits (to unlimited) for various items (see new Section A, #10 and #12-#19); from \$5,000 to \$10,000 (see new Section C); from \$10,000 to \$12,500 (see new Section D); and new valuation limit of \$50,000 (see new Section E, #4-#10).

Approved September 7, 2006 by Vice President for Budget and Financial Management, M. Dwight Shelton, Jr.

- Revision 11

- Minor update to provide clarification regarding the handling of direct payment transactions in HokieMart.
- Minor update to include transactions that should be handled as direct payments (see A, #6, #11, and #17).
- Added a new section – Items with valuation limit of \$5,000 to incorporate changes in Policy 3006 Catering Policy.
- Change in dollar limit from \$12,500 to \$20,000 for medical payments for student athletes injured while participating in intercollegiate athletic activity.
- Added a note to refer to Controller's Office Procedure #20345 for information regarding common carriers used by new employees (see note under Section 3D).
- Added a note to clarify that the ability to purchase alcohol is limited to Dining Services and The Inn at Virginia Tech (see note under Section 3F, #6).

Approved March 7, 2014, by the Vice President for Finance & Chief Financial Officer, M. Dwight Shelton, Jr.

- Revision 12

Rearranged the list of items to move Items with valuation limit of \$5,000 from Item C. to Item F. for ease of implementation in the existing system processes.

Approved May 21, 2014, by the Vice President for Finance & Chief Financial Officer, M. Dwight Shelton, Jr.

- Revision 13

Updated Section 2. Guidelines to provide the Director of Procurement the ability to address questions or clarifications regarding the eligibility of a payment transaction to be categorized as a direct pay transaction.

Approved February 19, 2016, by the Vice President for Finance & Chief Financial Officer, M. Dwight Shelton, Jr.