Subject: Payment for Goods and Services

1. <u>Purpose</u>

This policy provides guidelines and procedures for processing vendor invoices for payment in accordance with the established principles and guidance set forth by the *Code of Virginia*, §§ 2.2-4347 through 2.2-4356 and § 2.2-5004. These statutes promote sound cash management and successful vendor relationships and are further supported by the Commonwealth of Virginia's Accounting Policy and Procedures Manual (CAPP) Sections 20300 - Cash Disbursements Accounting, and 20315 – Prompt Payment.

2. <u>Policy</u>

Tidewater Community College shall accurately disburse payments for goods and services by the required payment due date. This includes payments for materials,

supplies, equipment, and services purchased from vendors or individuals that have been properly procured in accordance with the Virginia Public Procurement Act (VPPA) and TCC Policy No. 4301, Public Procurement.

This policy does not apply to disbursements for Payroll, Travel, and Moving and Relocation expenditures.

2.1. General Guidelines

Payments shall not be made until the following are in place:

- A current [Commonwealth of Virginia Substitute W-9](#);
- An approved purchase order;
- Receipt of a valid invoice in the Virginia Community College's Shared Services Center (SSC); and
- Confirmation of receipt of the good or service except as noted in Section 2.3.1 Advance Payments.

All signature authorities shall ensure the validity of college disbursements and compliance with applicable policies and procedures.

2.2. Source of Funding

The Commonwealth's guidelines and limitations shall apply to all expenditure transactions regardless of the source of funds unless otherwise documented. There are three main funding sources:

- State funds – General and Non-General funds subject to limitations of state guidelines and regulations.
- Local funds – Funds approved by the Local College Board. State limitations and guidelines generally apply.
- Sponsored Programs - Funds derived from grants and contracts. State guidelines and regulations shall apply unless specifically excluded by the grant or contract.

The Associate Vice President for Finance has responsibility for expenditure transaction processing and may seek additional approval of the Vice President for Finance for exceptions when circumstances warrant.

2.3. Payment Due Dates

Payment due dates shall be established in accordance with [CAPP Section 20315, Prompt Payment](#), which requires that due dates be established by the terms and conditions of a contractual agreement. Generally, due dates are thirty calendar days after the receipt of a proper invoice or thirty days after the receipt of goods or services, whichever is later. Exceptions to these general guidelines may include the establishment of due dates for utility payments in following standard industry practices, expenditures that may be made in advance of receipt of goods and services as approved by the Associate Vice President for

Finance, or certain contractual agreements' terms and conditions as approved by the Associate Vice President for Finance.

2.3.1. Advance Payments

Advance payments shall only be allowed for expenditures normally prepaid as a standard industry practice or where such prepayments are considered cost beneficial.

2.3.1.1 Non-contractual

Expenditures that may be considered for advance payment are: organizational memberships, subscriptions, convention and educational services, certain mail order purchases, film acquisitions or rentals, human subject payments, postal service purchases, and advertising expenses. Allowable advance payments are subject to a maximum prepayment period of 90 days.

2.3.1.2 Contractual

Contractual advance payments are subject to a maximum prepayment period of one year, where delivery, performance, or refund is assured based on written obligations. Vendors should be encouraged to invoice the agency on a monthly or quarterly basis in the absence of a sufficiently reduced annual pricing arrangement.

Contractual advance payments may include the following types of contracts, leases, or agreements: radio and television advertising, certain specialized pharmaceutical supplies and rare medical drugs, mechanical, electrical and equipment repair and maintenance contracts, computer hardware and software maintenance contracts, licensing agreements, specialized custom manufactured equipment, real property, equipment rentals, insurance premiums, and legal services. The college shall have written approval from the Office of the Attorney General before obtaining any specialized legal services.

3. Responsibilities

The Vice President for Finance shall be responsible for developing and maintaining procedures that are consistent with this policy and that comply with applicable policies and procedures of the Virginia Community College System and the Commonwealth of Virginia.

4. <u>Procedures</u>

There must be a current <u>Commonwealth of Virginia Substitute W-9 form</u> on file for each respective vendor prior to processing payments. The payment will be processed with receipt of a valid invoice, approved purchase order, and confirmation of receipt of the good or service. Advance payments also require an order form, registration form, or other documentation of the goods and/or services being procured.

4.1. Invoices

Vendors must provide a valid invoice for the goods and/or services provided. The term "invoice" refers to the vendor prepared document containing (at a minimum) the following information:

- Vendor name and address
- Vendor contact name and phone number
- Vendor invoice number
- Vendor invoice date
- College Purchase Order Number
- College Contact
- Description of the goods or services provided
- Current total amount due (previous or balance forward balances will not be paid; an invoice with a description of the goods or services is required)

All invoices must be addressed to the <u>Shared Services Center</u> at the following address: Shared Services Center, 147 Daleville Centre Drive, Daleville, VA 24083 or invoice@ssc.vccs.edu.

4.2. Confirmation of Receipt

Individuals receiving goods and/or services which were procured in eVA must do so in eVA or use the <u>Departmental Receiving Report</u> (Appendix A) to submit receipt information to the Warehouse. Individuals receiving goods and/or services which were not procured in eVA must provide documentation to TCC's Accounts Payable department to confirm the receipt. For continuous services provided to the college where an open purchase order exists (e.g., security, landscaping, armored car service) partial and timely receipt of services must be entered into eVA. Where a purchase order is not required (e.g., utility payments), TCC's Accounts Payable staff will obtain payment approval from the responsible contract manager or responsible department manager.

5. <u>Definitions</u>

Advance Payments – Payments that are made before the receipt of goods or services.

VPPA – *Virginia Public Procurement Act* states the public policies pertaining to governmental procurement from nongovernmental sources.

SSC – The Shared Services Center, comprised of 23 community colleges, System Office, and Shared Services Center, provides processes relating to fiscal services including collections, travel and expense reimbursement, and accounts payable.

6. References

TCC Policy 4301 – Public Procurement

TCC Policy 4305 – Travel

CAPP Manual, Section 20315, Prompt Pay

CAPP Manual, Section 20310, Cash Disbursements Accounting

Virginia Public Procurement Act

7. Review Periodicity and Responsibility

The Vice President for Finance shall review this policy annually on the anniversary of its approval and, if necessary, recommend revisions. The policy shall also be reviewed when changes to the relevant policies and procedures are made.

8. Effective Date and Approval

This policy is effective upon its approval by the College President on May 16, 2019.

Policy Approved: Procedure Developed:

Gregory T. DeCinque, Ph.D.   Phyllis F. Milloy
Interim President   Vice President for Finance

9. Review and Revision History

The initial version of this policy was approved June 28, 2012.

- Revision 1
  - Section 2.2
    - Updated wording to include references to the Shared Services Center.
    - Updated the title of the Director.
  - Section 2.3
    - Removed the reference to the Office of Fiscal Services.
  - Section 4
    - Updated wording to specify the process for payments made at the college.
  - Section 4.1
    - Updated invoice requirements and mailing address.

- o Section 4.2
  - Specified receiving in eVA receiving requirements.
- o Section 4.3
  - Removed this section.
- o Section 5
  - Added a new definition for the SSC.

Approved May 16, 2019 by Interim President Gregory T. DeCinque, Ph.D.

DEPARTMENTAL RECEIVING REPORT

This form is required to document the receipt of goods and services that were not received at the Warehouse. Please complete all sections of this form and submit via email as indicated below:

- eVA Orders: warehouse@tcc.edu
- Non-eVA Orders: accounts-payable@tcc.edu

All original packing lists are to be submitted via inter-campus mail to the Warehouse.

PURCHASE ORDER NO:	DATE ORDERED:
VENDOR:	RECEIVED BY:
DEPARTMENT:	CAMPUS:
DATE RECEIVED:	ORDER STATUS: COMPLETE PARTIAL
DAMAGES / SHORTAGES: Report all damages (including damage to cardboard boxes and crates) and / or shortages on all copies of the packing list or freight bill and if possible, have the delivery driver sign and date all documents. Send original packing slip to the Warehouse. Use the space below to describe damages and/or shortages and any actions taken.	
Print Name:	Date: