

# Payments to Third Parties

## Description

Payments to third parties include vendor payments, payments to independent contractors, travel reimbursements, reimbursement to individuals, moving expenses, etc. Regulations regarding these payment requests are specified by the Office of State Finance. The Office of State Finance has the responsibility of interpreting the statutes and issuing guidelines with which all state agencies must comply.

## TYPES OF PURCHASES

There are two types of purchases relating to goods and services that result in payments to third parties:

### Small Dollar Purchases (under \$5,000)

For policy, see: <http://www.ou.edu/purchasing/policies/small.html>

### Purchases \$5,000 or Over

For policy, see: <http://www.ou.edu/purchasing/policies/condensed.html>

## Payment Requests

Once the invoice or payment request is received, the department has the responsibility of verifying that the goods and/or services have been received and accepted. Listed below are some types of expenditures that require additional documentation regardless of the payment method.

- **Food and/or Beverages.** A completed Food and Beverage Expense Certification form must be attached for any expenditure for food or beverages.
- **Consultants, Independent Contractors.** An Independent Contractor form must be completed and approved by Human Resources prior to contracting with an individual for services.
- **Lodging.** The individual's name, EMPLID number, a description of the travel objective, and if needed, designated lodging information must accompany any payment request for lodging. Please remember that there is no advance payment for lodging.

- **Memberships.** State regulations allow for the payment of institutional membership dues. Individual membership dues can be processed if the membership is transferable. Documentation of the exception should accompany the payment request.
- **Moving Expenses.** A Moving Expense Certification form must accompany all payments related to moving expenditures.
- **Postage.** State statutes do not allow for the reimbursement of postage stamps. All payment requests for postage must be made payable to the US Postmaster.
- **Registration.** Registration fees can be processed directly to the vendor after the conference has occurred. They may also be processed in advance if:
  - The event requires pre-registration along with payment and by standard policy will not accept a state purchase order or contract in lieu of payment; or
  - When a discounted fee is offered if paid in advance:
    - The registration fee must result in a discount to the state; and
    - The registration must allow for substitution of participant; and
    - The registration must provide for 100% refund should the event be cancelled.

The following information is required in order to process the request for payment: individual name, EMPLID or student ID, conference location, conference dates.

- **Scholarships.** Scholarships can only be processed on grant or contract departments, if allowed, or agency special departments. The Authorization for Scholarship and Fellowship Payments form should be completed.
- **Subscriptions.** The Office of State Finance guidelines stipulate that subscriptions can only be processed six weeks prior to the beginning date of the subscription. Include the subscription dates on all payment requests for this type of expenditure.
- **Travel Reimbursements.** The Oklahoma State Statutes regulate travel reimbursements.

## Payment Choices

### Small Dollar Purchases (Under \$5,000)

For Small Dollar Purchases, departments have two payment methods available:

- Pcard (only for merchandise, goods, etc. See [Purchasing Guide for allowable purchases on the Pcard](#)).

With the Pcard, the department contacts the vendor with the Pcard information, maintains the payment support in the Pcard files for seven years, and has support available for audit and reconciliation purposes.

- Submit the invoice/payment request with the sponsor's approval and department number to Financial Services (if grant or contract department, contact the grants and contracts administrative offices) for payment. Any special handling requests for the check need to be noted with the invoice or payment request.

Financial Services will issue and distribute the check to the payee unless otherwise specified.

### **Purchase Order Payments**

Purchase Order payments can either be processed with a buyer's Pcard or invoice payment request through Financial Services. If a department receives an invoice or payment request that is related to a purchase order, the department should:

- Review invoice to ensure payment was not made by credit card;
- Verify that the merchandise or service was received and accepted;
- Indicate purchase order number and any special handling instructions on invoice/payment request;
- Obtain sponsor's approval;
- Forward to Financial Services (if grant or contract department submit to the grant and contract administrative offices) for processing.

Financial Services will issue and distribute the check to the payee unless otherwise specified.

If payment is processed with the buyer's Pcard, the transaction will appear on the monthly reports and the purchase order can be used for supporting documentation. The buyer in Purchasing is responsible for maintaining the supporting documentation for seven years.