



Applies to: Individuals with fiscal duties and approved suppliers

Responsible Office

Office of Business and Finance

POLICY

Issued: 08/01/2000

Revised: 01/07/2021 – Not in effect until [Workday](#) Finance and Supply Chain are implemented at Ohio State. For information only.

Current Policy: [Accounts Payable](#)

The Office of Business and Finance is responsible for payment of the financial obligations of the university. Central Accounts Payable is responsible for payment for goods and services purchased by the university for all areas except the **Health System**. Health System Accounts Payable is responsible for payment for goods and services purchased by the university for the Health System.

Purpose of the Policy

To establish parameters for the review of and payment for goods and services purchased by the university.

Definitions

Term	Definition
ACH (automated clearing house)	Electronic method to receive and send funds from a bank account through a bank network by providing a bank account number and bank routing number.
Credits	Represent funds due the university as a result of a previous overpayment to a supplier or agreements by the supplier that goods or services were not received or were unsatisfactory.
Exception	Any violation of or noncompliance with a university policy issued by the Office of Business and Finance (Business and Finance).
Health System	University Hospital, East Hospital, Brain and Spine Hospital, Richard M. Ross Heart Hospital, Harding Hospital, Dodd Rehabilitation Hospital, Ambulatory Clinics and Services, and Arthur G. James Cancer Hospital and Richard J. Solove Research Institute and Outreach Sites.
Purchase order	Formal, numbered record/document issued after a requisition for goods and services receives approval. An approved purchase order is issued to a supplier to initiate the delivery of goods and services. A purchase order accepted by a supplier constitutes a legal and binding contract between the university and the supplier that includes terms and conditions.
Senior fiscal officer	Individual who is responsible and accountable for all fiscal operations of a unit.
Supplier	Any entity (company or individual) paid through Accounts Payable.
Supplier invoice	An itemized list of goods and services provided by the supplier specifying the price and terms of sale.
Supplier maintenance	Process of adding and/or updating information for new and/or existing suppliers.
Unidentified refunds	Payments received from suppliers lacking necessary clarity to be applied appropriately.
Unit	College or administrative unit.
Waiver	Permission granted to a unit to operate differently than specified or required by a university policy issued by Business and Finance.
Wire	Electronic method to receive funds or make payments directly into a bank account using the Federal Reserve network.

Policy Details

- I. Before issuing payment, **units** must review and approve all **supplier invoices** for \$3,000 or greater that have not been receipted in Workday to ensure that goods and/or services have been received and charges are legitimate and should be paid.



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- II. **Suppliers** must submit invoices to apinvoices@osu.edu (all areas except the Health System) or medctrinvoices@osumc.edu (Health System).
- III. Suppliers who wish to be approved for electronic data interchange (EDI) functions may contact Accounts Payable for information.
- IV. Method of payment to suppliers is **ACH**. Paper checks may be approved by the director of Procure-to-Pay Services or the chief supply officer of Health System Supply Chain (Supply Chain) as part of the supplier setup process.
- V. The preferred method of payment in foreign currency is **wire** transfer.

PROCEDURE

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- I. Payment of Invoices Against a Purchase Order
 - A. Supplier responsibilities
 1. Excluding EDI transactions, suppliers must send invoices to Central Accounts Payable at apinvoices@osu.edu (all areas except the Health System) or Health System Accounts Payable at medctrinvoices@osumc.edu (Health System).
 2. Suppliers must include invoice number, date, **purchase order** number, remit to address, and invoice grand total on all invoices.
 - B. Unit responsibilities
 1. Transmit immediately any invoice received directly from a supplier to Central Accounts Payable at apinvoices@osu.edu (all areas except the Health System) or Health System Accounts Payable at medctrinvoices@osumc.edu (Health System).
 2. Approve payment of all supplier invoices against blanket purchase orders.
 3. Approve payment of supplier invoices for \$3,000 or greater that have not been receipted in Workday.
 - a. Supplier invoices for \$3,000 or greater that have not been receipted in Workday are automatically placed in pending status until the unit approves payment via workflow in Workday.
 - b. Supplier invoices that do not require unit approval for payment include:
 - i. Invoices less than \$3,000 and
 - ii. Invoices that have been receipted in Workday.
 4. Inspect and verify that the quantity and quality of goods and services received are the goods and services that were ordered and that they are in good condition, promptly upon receipt.
 5. Review supplier invoices in Workday within two business days of receipt to ensure the charges are legitimate and should be paid.
 6. Deny supplier invoices in Workday within two business days of receipt if they should not be paid.
 7. Notify Accounts Payable at apcustomerservice@osu.edu (invoices for all areas except the Health System) or accounts.payable@osumc.edu (Health System invoices) if a supplier invoice is approved in error. Accounts Payable will place the supplier invoice on hold.
 8. Notify Accounts Payable at apcustomerservice@osu.edu (invoices for all areas except the Health System) or accounts.payable@osumc.edu (Health System invoices) to release and pay an approved supplier invoice formerly noted as on hold in the online procurement system in Workday within two business days of the resolution of the held invoice.
 - C. Administration and Planning prevailing wage coordinator responsibilities
 1. Review and address all invoices tagged with prevailing wages when routed in Workday.
 - D. Accounts Payable responsibilities
 1. Make timely payments of supplier invoices in accordance with the terms of the supplier record in Workday.



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2. Research and reconcile invoices that fail the automated match in Workday to ensure that:
 - a. Supplier invoice and purchase order match in price, quantity, and supplier name before making payment; and
 - b. Billing supplier name, invoice supplier, purchase order number, and remit to address match for payment to occur.
 3. Ensure that the data provided by suppliers or units to Accounts Payable is captured in the system for unit review.
- II. The university has standard payment terms that are used in Workday. Units are prohibited from changing the terms without prior written authorization from Purchasing or Supply Chain.
- III. Credits
- A. General procedures for credits
1. **Credits** received by units via a check or credit memo from a supplier must be sent with the supporting documentation immediately to apinvoices@osu.edu (all areas except the Health System) or medctrinvoices@osumc.edu (Health System).
 2. Accounts Payable will endorse and deposit the check(s) in accordance with the [Deposit of Funds policy](#), and a credit will be recorded to the unit. Accounts Payable will apply the appropriate accounting treatment and credit the appropriate supplier account.
 3. Accounts Payable may short pay supplier invoices pursuant to rights set forth in contractual agreements or other documentation regarding goods or services received allowing or acknowledging such short payment.
- B. Uncollectible supplier credits
1. All reasonable efforts will be made to collect on supplier balances owed by suppliers to the university in accordance with the [Accounts Receivable policy](#).
 2. It may not be possible to collect on credit balances with suppliers who no longer actively do business with the university.
 3. Outstanding supplier credit balances will be reviewed regularly throughout the year and suppliers contacted regarding collection in accordance with the [Accounts Receivable policy](#).
 4. The university will make every effort to use outstanding credits within 18 months of issuance. If the credit is still open after 18 months, the supplier will be billed for the credit and is subject to standard university collection efforts in accordance with the [Accounts Receivable policy](#).
 - a. The Health System works with a recovery audit firm to address outstanding credits.
 5. Outstanding supplier credit balances will be analyzed by Business and Finance to identify potentially uncollectible balances, annually at fiscal year-end.
- C. Unidentified refunds
1. Accounts Payable will make reasonable efforts to identify the appropriate accounting treatment for **unidentified refunds**. Unidentified refunds that remain unidentified will be credited temporarily to the appropriate central financial data model (FDM) worktag combination.
 2. If the proper FDM worktag combination for an unidentified refund is later identified and confirmed, the unidentified refund will be reclassified.
 3. Contents of the central FDM worktag combination will be analyzed by the Controller's Office, annually at fiscal year-end. All deposits older than 12 months will be reclassified at the discretion of the Controller's Office.
- IV. Payments in Foreign Currency
- A. Foreign payments
1. A foreign payment must be payable to an individual or entity outside of the United States. The country on the address to which the payment will be remitted must be consistent with the currency requested. Foreign payments for the university are issued via the university's bank. The bank must have an agreement with a foreign country to issue a payment in that country's currency.
 2. A foreign payment must be requested on a [Electronic Funds Transfer Request form](#) with the applicable supplier invoice attached.



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3. A purchase order is required to process a foreign payment.
 4. Payments issued in foreign currency will use the currency rate effective on the day the payment is processed, not the day the paperwork is received in Accounts Payable.
 - B. Accounts Payable initiates foreign currency wire transfers via the [Electronic Funds Transfer Request form](#) with the supplier invoice attached.
- V. Lost/Stolen Checks and Stop Payments
- A. For checks suspected of being lost or misdirected, a waiting period of 21 days from issuance date is required prior to Accounts Payable issuing a stop payment.
 - B. For checks suspected stolen, the supplier must submit a fraud packet, supplied by the university's bank upon request, to the bank and report to the appropriate law enforcement agencies. The fraud packet must be complete and on file with the university's bank prior to reissuance of the check.
 - C. Checks that have been cashed are not reissued, regardless of who cashed the check.
- VI. Automated Clearing House
- A. ACH for employees
 1. The university reimburses all employees via the same method of payment as their paycheck.
 2. Employees are responsible for keeping their personal and direct deposit data up to date via [Employee Self Service](#), or by contacting Payroll Services when this is not possible.
 3. If the funds for an electronic funds transfer (EFT) are returned to the university, Accounts Payable will receive a notification from the university's bank. Accounts Payable uses this information to follow up with the payee and the appropriate unit (e.g., Office of Human Resources, Payroll Services, Travel), and will reissue the payment when all issues are resolved.
 - B. ACH for suppliers
 1. A supplier cannot mix payments types (e.g., some by ACH and some by check).
 2. Once an entity has been established as a supplier by Purchasing, they will be set up for ACH and must complete **supplier maintenance** processes and respond to requests from the university.
- VII. Setting Up Electronic Payments
- A. Suppliers are responsible for keeping their company and direct deposit information up to date in Workday.
 - B. To initiate an ACH, the supplier must complete an Authorization Agreement for Direct Deposits of Electronic Funds Transfer (EFT) Payments form, part of the [Vendor Setup form](#).
 - C. To update existing ACH information, the supplier must provide proof of their current bank account.
 - D. Wire transfers
 1. To initiate a wire transfer, units must obtain and complete an [Electronic Funds Transfer Request form](#).
 2. The [Electronic Funds Transfer Request form](#) must be:
 - a. Accompanied by appropriate supporting documentation (e.g., completed payment request, invoice);
 - b. Approved by the **senior fiscal officer**; and
 - c. Electronically submitted.
 3. Accounts Payable must forward any wire transfer request exceeding \$200,000 to the Office of Financial Services (Financial Services) for approval and release.
- VIII. **Waivers** to this policy must be approved in advance and documented by the Office of Business and Finance, using the [Business and Finance Policy Waiver Request](#).
- IX. Policy Violations
- A. All policy violations must be tracked as an **exception** in accordance with the [Fiscal Stewardship policy](#).
 - B. The university may require successful completion of training.
 - C. The university may enforce corrective action, up to and including termination, in accordance with applicable policies or rules.
 - D. The university may seek restitution, as appropriate.
 - E. Criminal charges may be filed, as appropriate.

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Responsibilities

Position or Office	Responsibilities
Accounts Payable	<ol style="list-style-type: none"> 1. Place supplier invoices on hold when notified by a unit that an invoice was approved in error. 2. Make timely payments of supplier invoices in accordance with the terms of the supplier record in Workday. 3. Research and reconcile invoices that fail the automated match in Workday. 4. Ensure that data provided by suppliers or units to Accounts Payable is captured in Workday for unit review. 5. Endorse and deposit checks and record credits to units; apply appropriate accounting treatment and credit appropriate supplier account. 6. Short pay supplier invoices as appropriate. 7. Identify the appropriate accounting treatment for unidentified refunds; credit unidentified refunds temporarily to the appropriate FDM worktag; reclassify when possible. 8. Initiate foreign currency wire transfers via the payment request form. 9. Follow up with the payee and unit on returned EFTs and reissue payment. 10. Forward wire transfer requests over \$200,000 to Financial Services for approval and release.
Administration and Planning prevailing wage coordinator	Review and address all invoices tagged with prevailing wages when routed in Workday.
Controller's Office	Analyze the contents of the central unidentified refunds FDM worktag combination annually; reclassify all deposits older than 12 months.
Director of Procure-to-Pay Services, chief supply officer of Supply Chain	Approve paper checks as appropriate.
Employee	Keep personal and direct deposit data up to date via employee self service or by contacting Payroll Services.
Financial Services	Approve and release wire transfer requests over \$200,000.
Office of Business and Finance	<ol style="list-style-type: none"> 1. Analyze outstanding supplier credit balances annually; bill supplier balances older than 18 months. 2. Approve and document waiver requests.
Senior fiscal officer	Approve Electronic Funds Transfer Request forms.
Supplier	<ol style="list-style-type: none"> 1. Submit invoices to apinvoices@osu.edu (all areas except the Health System) or medctrinvoices@osumc.edu (Health System). 2. Contact Accounts Payable for information and approval for EDI. 3. Include invoice number, date, purchase order number, remit to address, and invoice grand total on invoices. 4. Submit a fraud packet for checks suspected stolen; report to the appropriate law enforcement agency. 5. Complete supplier maintenance processes and respond to university requests once setup for ACH. 6. Keep company and direct deposit information up to date in Workday. 7. Complete an Authorization Agreement for Direct Deposits of EFT Payments form to initiate an ACH. 8. Provide proof of current bank account to update existing ACH information.
Unit	<ol style="list-style-type: none"> 1. Approve all supplier invoices for \$3,000 or greater that have not been receipted in Workday prior to payment. 2. Transmit any invoice received directly from a supplier to Accounts Payable immediately using Workday. 3. Inspect and verify that the quantity and quality of goods and services received are the goods and services that were ordered and that they are in good condition, promptly upon receipt. 4. Review supplier invoices in Workday within two business days of receipt. 5. Deny supplier invoices in Workday within two business days of receipt if they should not be paid. 6. Notify Accounts Payable at apcustomerservice@osu.edu (invoices for all areas except the Health System) or accounts.payable@osumc.edu (Health System invoices) if a supplier invoice is approved in error. 7. Notify Accounts Payable at apcustomerservice@osu.edu (invoices for all areas except the Health System) or accounts.payable@osumc.edu (Health System invoices) to release and pay an approved supplier invoice formerly noted as on hold in the online procurement system in Workday within two business days of the resolution of the held invoice. 8. Do not change the university's standard payment terms without prior written authorization from Purchasing or Supply Chain. 9. Send credits received from suppliers via check/credit memo with supporting documentation to apcustomerservice@osu.edu (invoices for all areas except the Health System) or accounts.payable@osumc.edu (Health System invoices) immediately. 10. Complete Electronic Funds Transfer Requests to initiate wire transfers; attach supporting documentation.



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Resources

University Policies, policies.osu.edu

Accounts Receivable, busfin.osu.edu/sites/default/files/514_accountsreceivable.pdf

Deposit of Funds, busfin.osu.edu/sites/default/files/512_depositsofcashandchecks.pdf

Fiscal Stewardship, busfin.osu.edu/sites/default/files/111_internalcontrols.pdf

Business and Finance Forms, busfin.osu.edu/policies-forms

Authorization Agreement for Direct Deposits of Electronic Fund Transfer (EFT) Payments, part of the Vendor Setup Form, busfin.osu.edu/system/files/vendor_setup_form.pdf

Business and Finance Policy Waiver Request, docusign.net/Member/PowerFormSigning.aspx?PowerFormId=fd68959a-4afb-48bb-a0ae-67521b9ad821&env=na1&acct=387d1013-fb1c-4705-9bd9-7cf575f484ce&v=2

Electronic Funds Transfer Request, busfin.osu.edu/system/files/elec-fund-trans.pdf

Payment Request Form, busfin.osu.edu/sites/default/files/paymentrequest.pdf

Supplier Maintenance Online Request Instructions,

busfin.osu.edu/system/files/university_vendor_maintenance_instructions.pdf

Vendor Setup Form, busfin.osu.edu/system/files/vendor_setup_form.pdf

Employee Self Service, eprofile.osu.edu/

Financial Code of Ethics, busfin.osu.edu/sites/default/files/financial-code-of-ethics.pdf

Contacts

Subject	Office	Telephone	E-mail/URL
Policy questions, non-Health System invoices	Accounts Payable, Office of Business and Finance	614-292-6831	apinvoices@osu.edu busfin.osu.edu/accounts-payable
Health System invoices	Health System Accounts Payable, Health System	614-293-2140	medctrinvoices@osumc.edu
Prevailing wages	Facilities Operations and Development, Office of Administration and Planning	614-292-4458	fod@osu.edu fod.osu.edu/
Purchasing issues	Purchasing, Office of Business and Finance	614-292-8200	busfin.osu.edu/purchasing
Uncollectible supplier credits	University Bursar, Financial Services, Office of Business and Finance	614-292-1056	bursar@osu.edu busfin.osu.edu/bursar
Wire transfer requests over \$200,000	Financial Services, Office of Business and Finance	614-292-6261	busfin.osu.edu/treasurer

History

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