

2.701 Purchase Order Payment

In accordance with [Hawaii Revised Statutes § 103-10](#), payments to vendors shall be made no later than thirty (30) calendar days following the receipt of an invoice or the satisfactory delivery of goods or services. Payment should be made in a timely manner pursuant to the agreed-upon terms, and any disputes should be resolved promptly to avoid late-payment charges. A delinquent payment may prevent other users from placing orders and receiving goods from the same vendor.

I. Responsibilities

A. Principal Investigator

1. Certify that the services have been rendered and/or that the materials, supplies, and incidentals have been received in good order and condition, and are in direct support of the program.
2. Ensure that the proper supporting documents are forwarded with the payment, and that the transaction is in compliance with applicable Federal and State laws, rules, regulations, and RCUH policies and procedures.

B. Fiscal Administrator

Ensure the availability of funds and compliance with applicable Federal and State laws, rules, regulations, and RCUH policies and procedures.

II. Details of Policy

A. Steps to Complete a Purchase Order Payment

The following are general guidelines regarding payments made for goods and services. Users should check with their respective Fiscal Office, as every school, college, or institute may have different procedures for receiving invoices, matching invoices to purchase orders (PO), and initiating the payment process.

1. PO Receiving Report and the Receipt of Goods
 - a. Typically, when goods are received, a packing slip (document listing the items shipped) is included. The items received should be reviewed and matched to the packing slip to confirm completeness and correctness. The packing slip should be dated, signed, or initialed by the receiver. The packing slip should then be attached to the Receiving Report. If the goods are missing, defective,

or non-operational, or if incorrect items are received, contact the vendor for a resolution. If a problem is reported to a vendor, note the date, time, phone number, email address, and name of the vendor contact for future reference.

- b. The receiver (Principal Investigator (PI) or designee) initiates the PO payment process for partial or final payment as appropriate. Note the date, number of items satisfactorily received, and other pertinent notes in the Receipt Acknowledgement box on the Receiving Report.
- c. The vendor may include the invoice with the goods or may send the invoice at a later date. Date-stamp and review the invoice with the packing slip to ensure that the payment is being made only for the items received.
- d. The vendor name on the PO should match the payee name on the invoice. The vendor name on a PO cannot be changed once the PO has been approved. Any changes to the encumbrance amount, account number/project number, or object code/budget category should be made on a Purchase Order Change Form (POCF).
- e. Use the Remittance Advice section to enter the invoice number, customer account number, and/or any other reference that will assist the vendor in crediting the proper account. This information is printed below the RCUH vendor check on an attachment.
- f. The vendor's name and address stored in the RCUH system will be printed on the RCUH check. A user can change the address if necessary, by entering the alternate address on the right side. Addresses entered on the right side will only change the address for the payment document being processed; the vendor's address on file will not be permanently changed. Permanent address changes to a vendor record must be performed by RCUH Disbursing. Refer to [Policy 2.301 Vendor Records](#) for additional information.
- g. If a payment is for equipment or equipment fabrication, the online Equipment Inventory form must be completed. There is a five (5)-item maximum for the online form. If more than five (5) items are being reported, a hardcopy form must be completed instead. Check the "I will complete and submit an Equipment Inventory form manually" box at the bottom of the form before submitting the payment.

2. PO Receiving Report and the Receipt of Services

- a. All types of services (e.g., professional and consultant, repairs and maintenance, rents, software agreements, construction, etc.) are procured using standard RCUH contracts, ORS subaward agreements, or negotiated vendor contracts. Most contracts have deliverables or payment schedules that must be followed. Payment (partial or final) should not be initiated until contract terms have been met and all deliverables have been received satisfactorily.

- b. A contract defines the terms and conditions of the service, and a PO is the instrument used to make the contract payments. The procedural steps described in Section II.A, above, should be followed when completing the PO Receiving Report.

3. Approving an Online Payment

Users are advised to check with their Fiscal Office, as every school, college, and institute may have different procedures for receiving invoices, matching invoices to purchase orders, and initiating the payment process.

- a. The PI or designee must attach the original invoice and applicable supporting documents to the PO Receiving Report prior to approving the online payment request for FA review.
- b. Approval by the FA and/or a POCF may be required for payments exceeding the original PO amount. Refer to Section II.H of [Policy 2.201 Purchase Orders](#) for additional details.
- c. A tax clearance is required for all final payments on POs with an encumbrance of \$25,000 or greater. Refer to [Policy 2.302 Tax Clearance \(Certificate of Vendor Compliance\)](#) for additional details.
- d. Advance payments require prior approval via [Attachment 47 Request for Advance Payment and/or Deposit to a Vendor or Contractor](#).

4. Completing a Payment Offline

- a. Submit the following payment requests manually to RCUH Disbursing:
 - i. [Foreign Person Payments](#) – This includes foreign entities, nonresident aliens, and resident aliens by the Substantial Presence Test. On your payment document state whether the payment is foreign source or U.S. source (refer to [Policy 2.012 Requirements When Paying Foreign Persons](#) for income sourcing rules). If the payment is a combination of foreign and U.S. source income, provide a dollar breakdown of each income source.
 - ii. Bank wire and bank draft payments.
 - iii. Other manual payments (e.g., dual UH/RCUH account payment requests, multiple PIs on a PO).
- b. Attach the original invoice and the applicable supporting documents to the PO Receiving Report that has been certified by the PI or PI designee.
- c. If a new vendor record is required for the payment, refer to [Policy 2.301 Vendor Records](#) for additional details.

III. Relevant Documents

[Attachment 47 Request for Advance Payment and/or Deposit to a Vendor or Contractor](#)

[Hawaii Revised Statutes § 103-10](#)

[Policy 2.201 Purchase Orders](#)

[Policy 2.301 Vendor Records](#)

[Policy 2.302 Tax Clearance \(Certificate of Vendor Compliance\)](#)

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