

2.702 Direct Vendor Payments (AFP Form)

Direct vendor payments may be made on an Authorization for Payment (AFP) Form in the circumstances described below. ***The AFP Form must not be used in lieu of a purchase order and the established purchasing procedures*** described in [Policy 2.201 Purchase Orders](#). Payments of \$25,000 or more require RCUH approval.

I. Details of Policy

A. The following direct-vendor payments may be made on an AFP Form:

1. Payments which are not subject to normal procurement requirements/procedures:
 - a. USPS and public utility charges (e.g., Hawaiian Telcom, Board of Water Supply, Hawaiian Electric, Hawaii Gas, etc.);
 - b. Non-retail related UH charges (e.g., telecom, auxiliary enterprises (mail charges, fleet services), ITS (phone charges, modem charges));
 - c. Research journal subscriptions;
 - d. RCUH authorized credit card account charges; and
 - e. RCUH revolving fund refunds.
2. Payments that are billed regularly (e.g., monthly) based on usage under the terms of an executed contract or established account with a vendor. Examples include the following:
 - a. Charges for shipping packages or sending mail where the rates are based on weight (e.g., Pitney Bowes, FedEx);
 - b. Monthly charges for wireless telecommunication or long-distance services (e.g., AT&T, Verizon, Sprint); and
 - c. Charges for copy machine usage (e.g., Xerox, Toshiba).

An AFP Form may be used in these situations provided the record of competition requirements were justified and approved on the initial vendor selection, and there has not been an increase in the price or schedule of fees. The procurement file should be available for review and audit if needed.

NOTE: There may be occasions when a purchase order should be used, but cannot be issued due to account and RCUH system limitations (i.e., UH Kualii accounts do not allow purchase orders to be issued after an account's termination date). If an

exception is needed, and an AFP Form is used, all procurement requirements must be met and attached to the AFP Form.

B. Inappropriate Uses of an AFP Form

The AFP Form should not be used in lieu of a purchase order or specialized payment forms such as employee travel forms or the Non-Employee Expense Payment Form. DO NOT use the AFP Form to pay vendors or individuals for service fees, honoraria, and travel expenses such as airfare, lodging, M&IE (meals and incidental expenses), and mileage claims.

II. Relevant Documents

[Attachment 4 Authorization for Payment Form](#)

[Policy 2.201 Purchase Orders](#)

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