D-010E eCheck Policy

I. Purpose

The purpose of this policy is to describe the University’s policy on the use of eChecks through the UMeNet system.

II. Definitions

A. UMeNet – the University’s system for procurement and reimbursements.

B. eCheck – functionality within the UMeNet system that allows for payments to be initiated outside of the Purchasing system in limited circumstances.

C. Honoraria – a single, lump sum payment made in appreciation for an individuals’ service (usually a speech).

D. Employee – includes faculty and staff.

III. Policy

A. Use Outside of the Controller’s Office - eChecks may be used only in the limited circumstances shown below. If other procurement methods such as purchasing cards, travel card, or purchase requisitions are more appropriate, those methods must be used instead. The following types of expenses may be paid via an eCheck:

   a. Honoraria
   b. Performers (e.g. musicians, bands, comedians, games officials etc.) who are not University employees
   c. Legal settlements - approved by the Office of General Counsel or Risk Management. Such checks will be held for pick up by the Office of General Counsel.
   d. Petty cash fund - establishment or replenishment
   e. Refunds - not handled through other systems
   f. Research Subject Participant Payments – used when a petty cash fund has not been established for this purpose

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g. Royalties – for both current, former, and non-employees
h. Student awards, prizes, or stipends - Awards, prizes and stipends that are conditioned on the student providing services must be paid via payroll.
i. Travel advance - used to issue funds to UM students or to an employee responsible for group travel.
j. Travel Service Payments/Corporate Travel Reimbursement: used when payment is made directly to a hotel for non-employees or when reimbursing a third party organization for travel expenses incurred by non-UM employees conducting UM business.
k. Other payments to institutions (e.g. associations, universities, schools) or government agencies (i.e. local, city, state or federal).

B. Use by the Controller’s Office or Financial Operations - eChecks in the following circumstances are restricted to use by departments within the Controller’s Office or Financial Operations:
   a. Manual paychecks - initiated by the Payroll Office
   b. Replacement checks – for lost or damaged checks
   c. Tax payments - used to make tax payments to local, city, state or federal government agencies.

C. Documentation and Business Purpose – all requests for eChecks must be supported by an adequate description of the business purpose for the expense and by sufficient backup documentation. Expenses must be allowable and allocable to the funding source; must have a legitimate business purpose; and must be reasonable. The Disbursements Office is the final authority on the sufficiency and adequacy of both the documentation and the business purpose explanation.

D. Check Distribution – checks are mailed directly to payees. With the exception noted in III.A.c, checks will not, in general, be held for pickup on campus. Approval of a vice president and the Executive Director or the University’s Controller is required for checks to be held for pickup. Approval of the vice president’s designee alone is not acceptable. Manual paychecks, travel advances and petty cash funds are exempt from this requirement.

E. Purchasing Policy – eChecks may not be used to circumvent other University policies or preferred procurement methods.

F. Tax Reporting – the University of Miami complies with the rules and regulations of the Internal Revenue Service. Where required, IRS Form 1099 will be issued for payments made during a calendar year.

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Payments to individuals must be accompanied by either IRS Form W-9 or Form W-8BEN.

G. Required Approvals – approvals for eChecks follow:
   a. Account approver
   b. If ≥$25,000, approval of the Dean, Department Head, or Chair is required
   c. Approval of a vice president is required for checks of $50,000 or more and for checks to be held for pickup
   d. Final approval of Research Administration is required for certain expenditures on sponsored grant and contract accounts
   e. Final approval of the Disbursements Office is required for non-sponsored grant account expenditures.

H. Prohibited Use of eChecks – certain expenses, even if identifiable with an approved category in III.A.1-12 cannot be paid via eCheck. These expenses must be processed through Purchasing:
   a. Services involving direct patient contact
   b. Services involving direct contact with students
   c. Services involving direct contact with children or minors
   d. Services involving direct access to University telecommunications, computer systems or hardware
   e. Services provided on any of the University’s campuses or facilities
   f. Catering and Food Services
   g. Construction, renovation, or maintenance services
   h. Courier Services
   i. Medical Services including nursing, phlebotomy, or other professional services
   j. Research Services
   k. Transportation of patients and students

IV. Procedures
   A. eChecks are initiated through UMeNet by authorized users

   B. The business purpose for the payment must be clearly explained in the eCheck. Electronic files containing appropriate backup documentation must be attached to the eCheck request to support the payment. File images must be (1) a valid document type [e.g., PDF], (2) legible, (3) complete, and (4) an accurate representation of the original documentation before final approval will be granted by Disbursements or the Office of Research Administration.

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C. Submitters must retain original documentation until the eCheck is fully approved (in case there are concerns with the quality and completeness of the electronic images). After final approval is received, the submitter can dispose of the original backup documentation. Note, however, that the existence of a litigation hold will require retention of originals until such hold is released by the Office of General Counsel.

D. Checks will be processed for payment at the close of business on the day all approvals are completed.

E. Payments to non-resident-aliens - require a completed IRS form W-8BEN signed by the payee. Backup withholding is required unless a tax treaty exemption applies.

F. Payees who provide the incorrect combination of name and social security number will be subject to federal tax withholding prior to a check being issued.

G. Enclosures – enclosures may be included with checks and may either be scanned and attached to the submission or delivered to the Check Distribution Office, 129 Ashe Bldg., Coral Gables, Locator 4610. Checks will not be mailed until the enclosure is received by Check Distribution if “enclosure” has been selected in UMeNet.

H. The creation of any new eCheck vendor is subject to the review and approval of the final central office approver (Disbursements or Sponsored Programs). A completed W-9 form must, be included with the eCheck backup documentation.

V. References

A. Purchasing Policies
B. Purchasing Card
C. Travel Card
D. eCheck Requests and University of Miami Payment Matrix

VI. Policy Owner

The University Controller’s Office is the primary source of information, education, and assistance to faculty and staff leadership on this policy.

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