

# Northeastern University

## Procure to Pay (P2P) Guide

### Contents

I. Purpose and Scope.....	2
II. Definitions.....	2
General.....	2
Procurement.....	2
Payment.....	3
III. Procure to Pay (P2P) Process.....	4
Procuring Goods & Services.....	4
I. Budget Availability .....	4
II. Source of Funding.....	4
III. Supplier/Commodity Restrictions and Considerations.....	4
a. Debarred Suppliers/Restricted Party Screening.....	4
b. The Departments of State, Commerce and Treasury.....	5
c. Restricted Commodities.....	5
d. Computer Equipment & Software Purchases.....	5
e. Independent Contractors/Consultants .....	5
f. Payment for Participant Support Costs for Research and Sponsored Activity .....	5
IV. Supplier Selection.....	6
V. Establish Supplier Payment Terms .....	6
VI. P2P Methods.....	7
P2P Matrix.....	7
VII. Additional Information.....	8
University Supplier Contracts.....	8
Actions for Non-Compliance with P2P Policy .....	9
Contact Information.....	9

## I. Purpose and Scope

The purpose of this guide is to provide University authorized purchasers with guidance on current Procure to Pay (P2P) methods<sup>1</sup> which support the efficient, timely and compliant acquisition of goods and services. All purchases of goods and services must be made in accordance with all related University policies and procedures incorporated by reference.

The procurement and payment of goods and services for the University must be conducted in an open and competitive environment to ensure that prices paid are fair and reasonable. Purchasing activities are conducted in central Procurement Services as well as by academic and administrative departmental employees. It is the responsibility of each faculty and staff member of the University to ensure that the University does not knowingly enter into any purchase commitment that could result in a conflict of interest. Adherence to established purchasing and payment procedures and practices promotes proper transaction documentation/reconciliation, fiscal responsibility, ethical behavior and Uniform Guidance compliance.

### Notes:

(1) The scope of this guide is for transactions in USD currency only.

## II. Definitions

### General

*Accounts Payable Department* is responsible for the processing of all non-salary disbursements.

*Procure to Pay (P2P)* is an end-to-end financial process that begins with identifying a need for procuring goods or services, using an approved purchasing method and ends with the disbursement of funds to the supplier.

*Procurement Services Department* is responsible for managing University spending through contracts, purchase orders, eCommerce, and University supplier price agreements.

### Procurement

*Bid* is a complete proposal to execute a specified job within a prescribed period of time at specific payment terms.

*Change Order* is a document that authorizes a change to an issued and existing purchase order.

*Competitive Bidding* is a process which requires a minimum of three formal written quotations (bids) for all orders with an aggregate total cost  $\geq$  \$10,000.

*Contract (Strategic)* is a contract between a company (Northeastern University) and a supplier who is promising to sell products and/or services within agreed terms and conditions. The company

(Northeastern University) in return is obligated to acknowledge the goods / or service and pay for liability created.

**Debarred Supplier** is a supplier that is prohibited by both Federal and State governments from entering into contracts due to allegations of fraud, mismanagement, and similar improprieties.

**myMarketplace** is the University's business-to-business and electronic procurement system that facilitates the procurement and payment process for preferred suppliers.

**Preferred Supplier** is a supplier that has been awarded a university-wide agreement by Procurement Services in return for discounted pricing or preferential terms from the supplier.

**Purchase Order (PO)** is a document that authorizes a purchasing transaction. When accepted by the seller, it becomes a contract which binds both parties. A purchase order establishes the descriptions, quantities, prices, discounts payment terms, date of performance or shipment, other associated terms and conditions, and identifies a specific supplier.

**Restricted Items** are purchases subject to special safety or other regulatory requirements, whose purchase and handling are subject to special procedures.

**Restricted Suppliers** are any businesses, venture, or individuals who provide good/services that are not in good standing with any government authority. Conducting any business with restricted parties is prohibited.

**Requisition** is a document that initiates the procurement process.

**Supplier Diversity** is a proactive business program at Northeastern University which encourages the use of minority-owned, women owned, veteran owned, LGBT-owned, service disabled veteran owned, historically underutilized business, and small business administration as **suppliers**.

**Uniform Guidance** is a Federal government-wide framework for grants management. It synthesizes and supersedes guidance from earlier OMB (Office of Management & Budget) circulars. The reforms that comprise the Uniform Guidance (UG) aim to reduce the administrative burden on award recipients and, at the same time, are intended to guard against the risk of waste and misuse of Federal funds.

## **Payment**

**Centralized Billing** is a process wherein a supplier provides a consolidated, electronic invoice file to the Accounts Payable Office to process centrally. Examples of commodities processed via central billing include:

- Mobile devices
- Catering
- Temporary staffing

A full list of centralized billing suppliers and their respective procurement and payment procedures can be viewed on myMarketplace.

**Corporate/Procurement Credit Card (NUCard):** The University issued credit card is intended for the acquisition of goods and services necessary to conduct University business. Issuance of the NUCard is a privilege which empowers the cardholder to make purchases on behalf of the University and assumes that the cardholder will always exercise sound business judgment and adhere to University policy.

**Direct Pay** is a request for a disbursement where a purchase order or NUCard is not required/accepted.

**Invoice:** This is a document received from a vendor that includes the items purchased/services provided, cost of items/services and the payment terms.

**Payment Terms:** The conditions under which a supplier will complete a sale. These conditions may include:

- When payment is expected (number of days)
- Any conditions on that payment
- Any discounts the buyer will receive

### **III. Procure to Pay (P2P) Process**

Only those employees with budget authorization from their local unit management may spend University funds and are responsible for compliance with this guide.

#### **Procuring Goods & Services**

There are a number of considerations that must be accounted for prior to procuring goods and services on behalf of the university.

##### **I. Budget Availability**

Always confirm funds are available prior to committing to or making a purchase.

##### **II. Source of Funding**

This guide covers all purchases regardless of funding sources. However, there are additional [policies and guidelines for all purchases funded by federally awarded grants](#) established under the OMB's Uniform Guidance.

##### **III. Supplier/Commodity Restrictions and Considerations**

###### **a. Debarred Suppliers/Restricted Party Screening**

- i. Each new potential supplier must be screened PRIOR to entering into a financial relationship with Northeastern University to ensure that we do not conduct business, accept research sponsorship, enter into research collaborations, grant sub-awards, or

export to individuals, companies, or organizations that appear on federal restricted party lists.

- ii. A completed W9 form (domestic) or International Supplier Registration form (international) is required for all new payees. New payees are those who do not have a vendor ID in the Banner Finance ERP system.

b. The Departments of State, Commerce and Treasury

Each issue lists of individuals, companies, or other organizations whose US export privileges have been restricted or revoked. Screening foreign sponsors, subcontracts, vendors and other foreign parties involved in University activities is a critical component of the University's efforts to prevent violations of US export control laws.

c. Restricted Commodities

- i. The purchase of hazardous materials and animals for research & teaching requires additional steps prior to their purchase.
  - a. Due to their critical nature the purchase of hazardous materials may only be ordered with the guidance of Environmental Health and Safety (EHS). EHS maintains the University [policy on hazardous materials](#).
  - b. The University's Division of Laboratory Animal Medicine (DLAM) department maintains a [policy on standards associated with the procurement of animals for research and teaching](#). Information about purchasing any live vertebrate animal excluding fish can be access via the [DLAM website](#).

d. Computer Equipment & Software Purchases

The University's Information Technology Services (ITS) department maintains policies with guidelines on the procurement of computer equipment and software.

- i. [Policy on Computer Procurement](#) (computer **equipment** purchases)
- ii. [Guidelines on Software Acquisition & Distribution](#) (**software** purchases).

e. Independent Contractors/Consultants

When engaging the services of an independent services provider, all three of the following must be true to classify the individual as an independent contractor:

- i. Provider has freedom from control
- ii. Provider works outside the usual scope of the employer's business
- iii. Provider has an independent trade, occupation or business

The University's [Independent Contractor/Consultant](#) process is available for review on the Accounts Payable website. If the three criteria listed above cannot be satisfied, then this payee is considered as an employee. Please contact HRM for appropriate payment requirements.

f. Payment for Participant Support Costs for Research and Sponsored Activity

- i. Contact the Office of Research Administrations and Finance for the [University's guidelines for Participant Support Costs Payments](#).

#### IV. Supplier Selection

The university has entered into a number of preferred supplier relationships that ensure an open and competitive environment which will provide the best value at a fair and reasonable price. The university is also committed to assisting minority, women-owned and local business enterprises in their long-term growth and development, thereby enhancing the economic stability and vitality of the community it serves. It is highly recommended that any staff or faculty member spending university funds orders products/services from preferred suppliers who meet the above criteria whenever possible.

Preferred supplier relationship options include:

- a. [Internal Product/Service Providers](#) (e.g. NU Reprographics, NU Bookstore). These suppliers are located on campus and provide products/services at contracted rates.
- b. [Suppliers with a strategic contract](#).
- c. [Supplier diversity partners](#).
  - i. If you need to order a product/service from a supplier that is not listed in any of the above categories, then please determine if the supplier can be found in Banner:
  - ii. If yes, then please proceed with purchase as per the method recommended in the P2P matrix below.
  - iii. **If no, then please contact the Procurement Services office prior to committing to the purchase. New suppliers need to be vetted (pre-purchase) via Visual Compliance software to ensure that they are not included on any Governmental Restricted/Denied Parties list.**
    - a. A completed W9 form (domestic) or International Supplier Registration form (international) is required for all new payees. New payees are those who do not have a vendor ID in the Banner Finance ERP system.

#### V. Establish Supplier Payment Terms

- a. Standard Payment Terms
  - i. Suppliers (companies) = Net-35 days from invoice date
  - ii. Suppliers (individuals) = Net-0 - next available pay run<sup>2</sup>

For exceptions to these terms please contact Procurement Services.

## VI. P2P Methods

Once the above considerations are met, please select the appropriate P2P method from the matrix below. myMarketplace is the preferred and most efficient method used to order commonly purchased goods available from suppliers in the portal. The NUCard is used to directly purchase goods and services from suppliers (excluding individuals)<sup>3</sup> that are not available via myMarketplace. Requisitions and Purchase Orders are used when purchasing goods and services from all other University suppliers unless the Direct Pay method is allowed.

P2P Matrix			
<i>The matrix below provides a guide to be used when procuring goods/services from an existing university supplier partner. If you are attempting to make a purchase using a Purchase Order/Check from a new supplier... or a supplier that is not currently in the Banner database... then please contact the Procurement Office before proceeding with your purchase.</i>			

Procurement & Payment Methods	Purchases of Goods/Services ≤\$5,000	Purchases of Goods/Services >\$5,000 and <\$10,000	Purchases of Goods/Services ≥ \$10,000
<a href="#">myMarketplace</a>	Most Preferred Procure to Pay (P2P) Method		
NU Card ( <a href="#">Purchasing Card</a> )	Not allowed to pay individuals for services rendered/consulting/honoraria/speakers <sup>3</sup>	Not Allowed	Not Allowed
NU Card ( <a href="#">Corporate Card</a> )	Not allowed to pay individuals for services rendered/consulting/honoraria/speakers <sup>3</sup>	Not Allowed	Not Allowed
<a href="#">Requisition/ Purchase Order &amp; Change Order</a>	Only if NUCard not accepted and is required by supplier	3 bids <i>recommended</i>	3 bids <i>required</i>





### **Actions for Non-Compliance with P2P Policy**

The use of University assets, funds, facilities, personnel or other resources for personal, unlawful or improper purposes is strictly prohibited. All members of the Northeastern University community are responsible for ensuring that their own conduct and the conduct of anyone reporting to them fully complies with this policy. Fiscal misconduct will lead to corrective actions and/or employment sanctions up to and including termination, and may subject the individual to civil liability and/or criminal prosecution.

Examples of non-compliance to this policy are:

- Purchasing restricted items (e.g. Hazardous materials, animals for research) without adhering to established guidelines
- Conflict of Interest or Code of Ethics violations
- Splitting a large purchase into smaller orders to avoid:
  - Bid requirements
  - NUCard limits
- Hiring independent contractors without a contract
- Procuring goods/services from a vendor not previously engaged by the university without required pre-purchase vetting

**P2P transactions inconsistent with this policy will be returned to the requesting unit. Repeated non-compliance with this policy will result in the suspension/revocation of purchasing and payment privileges for the responsible employee.**

### **Contact Information**

For questions about disbursements for all non-payroll expenditures please contact the *Accounts Payable* department at:

Phone: 617-373-2652

Email: [ap@northeastern.edu](mailto:ap@northeastern.edu)

For questions about any University purchasing method or any other question regarding acquiring a good or service for the University please contact the *Procurement Services* department at

Phone: 617-373-2135

Email: [Procurement@northeastern.edu](mailto:Procurement@northeastern.edu)