

Effective Date: November 2020
Previous Version: None
Policy Owner: Chief Financial Officer
Approved by: President
Approval Date: 11/1/2020

PAYMENT METHODS

Policy Statement

NewU's payment methods, in order of preference, are as follows. These methods are used by NewU to remit payment to NewU's suppliers and to receive payments. To achieve cost and operational efficiency, promote transparency, and facilitate report keeping, NewU strives to be cashless.

- Electronic payment (debit card, credit card, Automated Clearing House (ACH))
- Electronic Funds Transfers (commonly referred to as wire transfers)
- Paper check
- Cashier's check, not preferred and subject to CFO prior approval
- Cash, not preferred and subject to CFO prior approval

The payment method selected is at NewU's discretion and is based on the:

- Cost to NewU. NewU will use the most cost-effective payment method available that can be delivered securely to minimize the risk of fraud or misuse.
- Currency required for payment. Payments required in international currency will be disbursed by wire transfer. Only payments in USD currency can be made using ACH, Credit Card, or paper check.
- Criticality/time sensitivity of payment and any impact to NewU and its operations, if payment is delayed.

Employees receiving reimbursement for travel or business related expenses will be reimbursed via ACH consistent with the method used by payroll for the employee.

Reason for the Policy

This policy outlines the various payment methods used by NewU, when they are used and the documentation required when using each method. The procedures have been established to promote accurate and timely payment of a properly authorized and documented payments that complies with U.S. immigration and tax regulations, as applicable. This policy covers all types of payments, including all receipts of payments, vendor payments, payments for services, tax payments, awards, stipends, payments from endowment accounts, etc.

Scope

The Policy on Payment Methods applies to all NewU Faculty and Staff.

Policy

Automated Clearing House (ACH) – Preferred

NewU's preferred method for paying commercial, domestic suppliers, and for issuing personal and travel reimbursements to employees is via electronic payment (ACH). ACH is efficient and cost effective.

ACH payments disbursed to the suppliers are made to the account and financial institution designated by the supplier according to the agreed upon payment terms with the supplier. Personal and travel reimbursements to NewU employees whose payroll method is direct deposit will have all reimbursements paid via ACH to that same bank account.

Debit and Credit Cards

NewU employee may use debit and credit cards to make authorized purchases and request reimbursement subject to the approval threshold in the [Financial Management Responsibility policy](#) and any other applicable policies. Authorized employees who are issued a Corporate Card are encouraged to use that card, subject to the [Corporate Card policy](#).

Electronic Funds Transfers (Wire Transfers)

It is the general policy of NewU to make all payments in U.S. currency. In certain circumstances, NewU will make payment in a non-U.S. currency via Electronic Funds Transfer (EFT) denominated in non-U.S. currency. An EFT, commonly referred to as wire transfer, is a more expensive payment method. Therefore, EFTs will only be disbursed when business needs require such payment.

An individual requesting a EFT payment through the E-Portal must provide adequate supporting documentation to the CFO at least five business days prior to the payment due date, including the amount and currency of the payment as well as the business purpose, the payee's name, address, and the date and nature of the transaction. An EFT to a new supplier or to a foreign individual or entity will require at least ten days advance notice in order to establish the supplier in NetSuite and test the supplier's information for accuracy. However, on an exception basis with a valid business justification demonstrating an impact to NewU's operations, an EFT requests will be processed immediately for existing suppliers only.

NewU is prohibited by law from making payments in non-U.S. currencies to certain foreign countries or persons in them.

Check Payments

Payments to suppliers via paper check are discouraged. However, it is necessary to use checks, they will normally be mailed to the supplier's remit to address as indicated on the supplier's invoice. NewU employees whose payroll method is paper check will receive reimbursements via paper check mailed to their home address.

"Hold for Pickup" of paper checks is strongly discouraged for reasons of security. Exceptions must be approved in advance by the CFO or his/her designee. Where Hold for Pickup is



authorized, persons picking up a check must show proper identification (e.g., Driver's License) and sign for the check.

Cashier's Check

NewU will make payments by cashier's check in exceptional circumstances upon payee request only with CFO approval. However, NewU strongly discourages use of cashier's checks because cashier's checks are considered "near cash," are extremely difficult to replace, and require very careful handling by both NewU employees and the payee.

Cash

Making and receiving payments in cash is highly discouraged and payments in cash of any amount require CFO approval. It is the policy of NewU not to approve payment in cash of more than \$10,000.

Tax Considerations

The tax withholding and reporting requirements for payments to a non-U.S. person or a foreign company differ than those for payments to U.S. persons. NewU ensures compliance with all applicable laws.

[End]