



UCDAVIS

Supply Chain Management

UC Davis Payment Strategy

Supply Chain Management Supplier Showcase

November 2019

Introductions

Mike Kuhner

Director, Business and Financial Services

UC Davis Supply Chain Management

mjkuhner@ucdavis.edu

- 11 years at UC (plus a bunch more as an undergraduate)
- Responsible for the following areas
 - Accounts Payable – Invoicing and disbursements to suppliers and individuals
 - Travel Accounting – Policies and procedures for expense reporting
 - Credit Card Programs – PaymentPlus, CTS, Travel and Pcards
 - Supply Chain Solutions – Jaggaer, Precision Shipping, Concur, Transcepta, etc
 - Business and Financial Analysis – Benchmarking, KPIs, reconciliations



What is our Payment Strategy?

The UC Davis Payment Strategy is a published document which provides guidance and direction on how we want to manage payments to suppliers.

The intent is to be clear and consistent with what we want from suppliers, in order to increase adoption of preferred payment terms, methods, and solutions that drive incentives and lower costs.

- ▶ Provide guidance on what we want and why
- ▶ Establish allowed payment terms and methods
- ▶ Drive adoption of electronic invoicing
- ▶ Available for central offices, shared services, and campus at large
- ▶ Aligned with other UC campus strategies

UC Davis Payment Strategy (short version)

Invoice payment methods, in order of preference:

- 1) Payment Plus, with NET 0 terms (*best*)
- 2) ACH or PMX, with 2% early payment discount, NET 30 terms
- 3) ACH or PMX, no early payment discounts, NET 45 terms
- 4) Paper check, with 2% early payment discount, NET 30 terms
- 5) Paper check, no early payment discount, NET 60 terms (*worst*)

Maximize credit card, minimize paper check

UC Davis Payment Strategy

The University should prioritize the usage of credit cards over ACH/EFT and paper checks, as credit card payments are covered by Visa fraud protection, generate the highest incentives, and result in lowest operating costs to the University.

Preferred Methods	Description
Virtual Card (PaymentPlus)	<ul style="list-style-type: none">• One-time credit card numbers generated by US Bank, typically associated with a Purchase order invoice• Roughly 2% incentive returned to campus (Budget office)• Supplier receives payment immediately, least risk of fraud
Procurement Card (P-card)	<ul style="list-style-type: none">• Physical or “ghost” card transactions, typically for AggieBuy orders and other low value just-in-time purchasing by departments• Roughly 2% incentive returned to campus (Budget office)• Supplier receives payment immediately, least risk of fraud• Low overhead on department and central offices (no PO or invoice)

NET terms are allowed to encourage supplier acceptance of credit card payment.

UC Davis Payment Strategy

PaymodeX (PMX) and traditional ACH (direct deposit) are appropriate if a supplier will not accept credit card. The University should encourage the supplier to enroll in PMX *Premium* or offer early payment discounts, both of which provide a benefit to the University. Otherwise, payment terms should be set to NET 45.

Acceptable Methods	Description
PaymodeX (PMX)	<ul style="list-style-type: none">• Direct deposit payments made through a business-to-business network of payees, managed by BNY Mellon Bank• Lower risk, as the UC does not maintain bank account information• Potential for incentives if supplier enrolls in PMX premium
Automated Clearing House (ACH)	<ul style="list-style-type: none">• Direct deposit payments made to individuals and sole proprietorships through BNY Mellon Bank• Higher fraud risk and operating cost, as the UC must maintain and validate bank account information

NET 30 terms are allowed, if supplier accepts PMX premium or offers early payment discounts. Otherwise, NET 45 terms are required to encourage acceptance of credit card payment.

UC Davis Payment Strategy

Paper checks should be a last choice, as they are the most inefficient and costly method. If utilized, the University should request early payment discounts or delay payments to NET 60. Similarly, domestic wires should be avoided. Foreign wires are often a requirement for suppliers requiring foreign funds and cannot be avoided in some cases.

Discouraged Methods	Description
Paper Check	<ul style="list-style-type: none">• Traditional paper check printing, on-site at UC Davis campus• Expensive and time intensive for UC to print, sort, and send• Highest likelihood of delays in supplier receiving their payments• Many lost payments and stale-dated check issues
Wire or Foreign Draft	<ul style="list-style-type: none">• Required for many foreign suppliers• Expensive and time intensive for UC to process• High risk of account fraud and many additional compliance rules

*NET 30 terms are allowed, if supplier offers early payment discounts.
Otherwise, NET 60 terms are required to encourage acceptance of credit card or PMX.*

Sample documents

UCDAVIS Supply Chain Management

Starting in 2019, the University of California at Davis has established a new set of preferred electronic payment methods for our suppliers. Our goal is to minimize payments made by paper checks and maximize payments made through credit card and other secure electronic methods. As a valued supplier of goods and services to the University, we ask that you select one of the following terms to receive timely and accurate payment against your future invoices. Supplier selection terms will default to NET 60, paper check.

1. Credit card payment through US Bank's Payment Plus program (**Preferred**)
 - NET terms – the UC will disburse payment immediately upon invoice approval
2. ACH/EFT payment with 2/10 NET 30 terms
 - The UC will disburse payment electronically within 10 days of invoice receipt, less a 2% discount; If not paid within 10 days, the UC will disburse full payment within 30 days of invoice receipt
3. ACH/EFT payment with NET 45 terms
 - The UC will disburse payment electronically within 45 days of the invoice receipt
4. Paper check with NET 60 terms
 - The UC will disburse payment within 60 days of the invoice receipt

To make your selection, please use our online form:
<https://supplychain.ucdavis.edu/payment-methods/enroll>

UCDAVIS Supply Chain Management

Starting in 2019, the University of California at Davis has established a new set of preferred electronic payment methods and terms for our suppliers. The goal is to minimize payments made by paper checks and maximize payments made through credit card and other secure methods. These methods allow the University to provide more efficient processing, minimize risk of fraud, and maximize the University's potential revenue and cost savings.

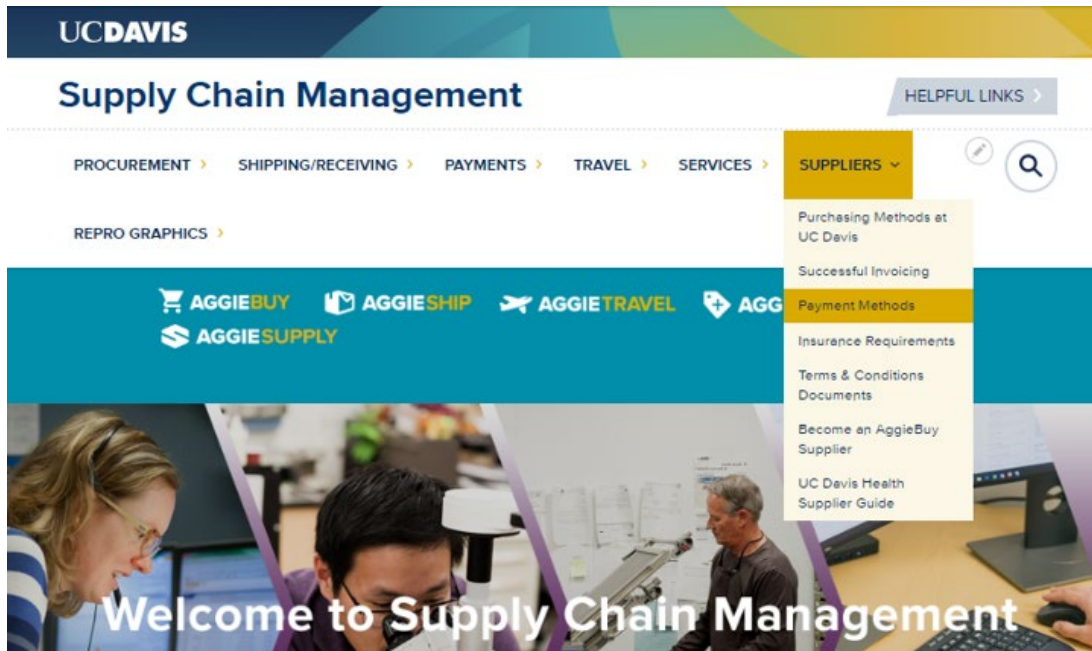
When interacting with new suppliers or discussing new PO's with existing suppliers, please notify them of the preferred payment method (below) and request that they make a selection of which method works best for their circumstances. There is a supplier-specific version of this document that can be emailed, if appropriate. Please inform suppliers that non-selection of a term will result in the default payment method: Net 60, paper check.

Suppliers should be directed to our website for additional questions:
<https://supplychain.ucdavis.edu/payment-methods/enroll>

Preferred Payment Methods

1. Credit card payment through US Bank's Payment Plus program (**Preferred**)
 - NET terms – the UC will disburse payment immediately upon invoice approval
 - Use Quali Payment Terms code **NET DUE (Payment Plus)**
2. ACH/EFT payment with 2/10 NET 30 terms
 - The UC will disburse payment electronically within 10 days of invoice receipt, less a 2% discount; If not paid within 10 days, the UC will disburse full payment within 30 days of invoice receipt
 - Use Quali Payment Terms code **2% 10 NET 30 (ACH)**
3. ACH/EFT payment with NET 45 terms
 - The UC will disburse payment electronically within 45 days of the invoice receipt

Website enrollment



Select a method of payment:

Payment Method Options

- Credit card payment through US Bank's Payment Plus program (Preferred)
- ACH/EFT payment with 2/10 NET 30 terms
- ACH/EFT payment with NET 45 terms
- Paper check with NET 60 terms

Provide contact information:

Your Name *

Company Name *

Phone Number *

(999) 999-9999

Email *

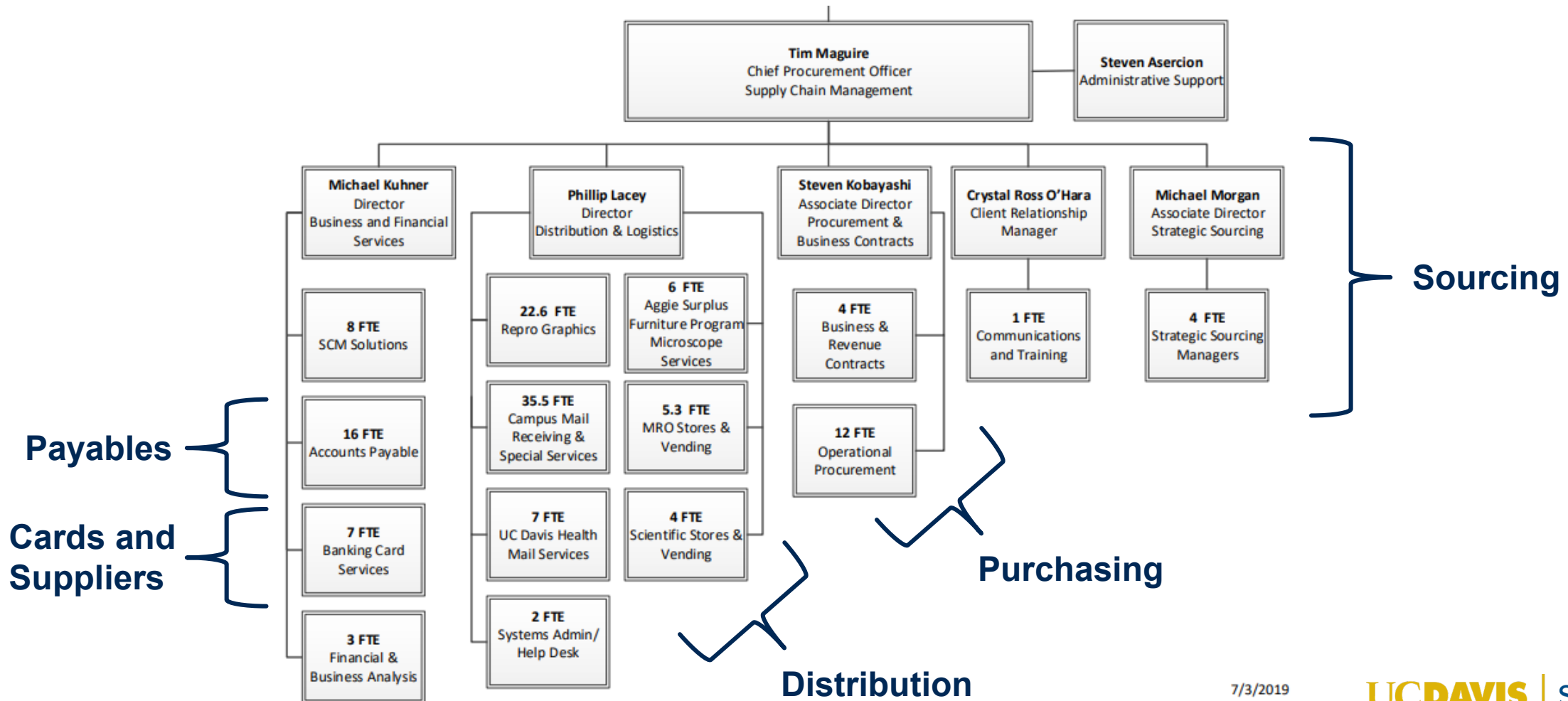
Company Website

Prior Purchase Order/Invoice (if available)

Attach a previously paid invoice:

The request for a previously paid invoice is one of the many ways UC Davis protects your information from fraudulent activity.

Power of a Unified Supply Chain



Contact Us

Contact us with any questions or concerns

Payment Strategy website

<https://supplychain.ucdavis.edu/payment-methods>

Accounts Payable Help Desk

aphelp@ucdavis.edu

Mike Kuhner

Director, Business and Financial Services

Supply Chain Management

mjkuhner@ucdavis.edu

530-757-8505

