


**Office of the Chancellor
Pennsylvania State System of Higher Education**

**Guidance Document
Guidelines for After-the-Fact Payments to Vendors**

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Related Document: N/A

Additional References: N/A

I. Background

This document provides guidance to clarify how to manage procurement activities conducted outside of standard law, policies, and procedures, often referred to as “After-the-Fact” (ATF) purchases. the appropriate use of direct pay payments to vendors and to reinforce procurement procedures.

II. After-the-Fact Payments

An ATF purchase occurs when goods or services are ordered, received, or accepted before a properly authorized purchase order or contract has been executed. This activity violates State System policy and may violate the Pennsylvania Procurement Code, which requires competitive sourcing for purchases over the designated “bid threshold.”

When an ATF purchase occurs, please follow the below guidance:

- **Purchase amount below the bid threshold:**
 - If the total cost is below the bid threshold (currently \$23,800 for 2025) and it is with an existing registered supplier in SourcePoint, the purchase should be processed as a purchase requisition in SourcePoint. A Purchase Order (PO) will be created for payment processing purposes only and labeled as ATF and the payment will then be made against the PO.
 - If the supplier is not registered in SourcePoint or able to be paid via a Pcard, a direct payment will need to be used to process payment.
 - If the university intends to engage regularly with the supplier, they should reach out to procurement to go through the correct procedures for procurement.
- **Purchase amount above the bid threshold:** If the total cost exceeds the bid threshold, payment may only be made upon a fully executed Settlement Agreement, which will be initiated by Procurement. This is required to legally bind the University and the supplier for payment for goods and/or services rendered. The process requires additional signatures from both the supplier and legal counsel, including Office of General Counsel (OGC) and the Office of Attorney General (OAG). A fully executed settlement agreement must be completed and signed by all necessary legal approvers before payment can be made. Once the settlement agreement is fully executed, payment must be submitted via a Direct Payment.

This process applies only to procurement-related activities that are not covered under the Direct Pay Guidance.