

PROCURE-TO-PAY

Introduction

This document defines the policies, procedures, and support information for DST Procure-to-Pay (P2P) operations. A list of definitions is contained in this document. The P2P team must be consulted regarding items that are not specifically addressed within this policy. The purpose of this document is to:

- Describe and communicate the policy for purchasing goods, works or services from approved DST suppliers (including inventory, capital assets, and leased equipment).
- Ensure DST and suppliers compliance in all aspects of P2P procedures and governance.
- Ensure payments for goods, works and services are made to suppliers appropriately and via established contractual terms.

Overview

Scope

The scope of this policy is to ensure that DST operates a consistent P2P governance program, comprising e-purchasing, e-payables and purchasing cards (P-CARDS), and strives to achieve its goal of purchasing compliance through authorized suppliers and routes to market. This policy is developed and owned by DST Procurement.

This policy will set out the requirements of P2P users to:

Ensure that all purchases are aligned to our business needs and strategies.

- Ensure that there is approval for spend prior to commitment with suppliers and that those approvals are made in accordance with the DST Procurement Policy.
- Ensure that all purchases are supported by a purchase order, except where specifically exempt or as agreed specifically by the Chief Procurement Officer.
- Ensure accurate and timely payments of invoices to suppliers.
- Ensure that the P2P process is transparent and supports audit and regulatory requirements.
- Ensure that there is adequate management information in relation to purchasing activity that supports the business.
- Ensure that all governance and controls are adhered to in order to reduce risk and potential fraudulent activity.

General Expectations

The P2P Policy sets out the minimum set of key controls required, as standard across the P2P processes and systems, for the purchases of goods, works, or services from suppliers. The P2P policy ensures that DST purchases items from pre-approved suppliers, at pre-negotiated prices, in a timely manner and in conjunction with the guidelines set out within the DST Procurement Policy.

This results in financial and commercial approval being sought and secured, from a cost center manager or an appropriate approver, for purchases before an order is placed with the supplier. In addition, in order to ensure compliance to existing contracts and suppliers, additional fiscal and category approval may also be required.

It is the responsibility of all DST associates to ensure that they comply with the following:

- Associates must not make verbal or written agreements with suppliers outside of the terms and conditions described within a standard DST purchase order and its supporting documents.
- Approval of spend is required prior to any financial commitment being made with a supplier.
- Prior to the commencement of any work or delivery of any goods or services, a formal and auditable commitment must be issued to the supplier (where possible referencing the contract) via one of the compliant P2P routes (P-Card or purchase order).
- It is the responsibility of every user to ensure that there is compliance at every level and stage in order to maximize purchase value for DST. Not complying with this policy can lead to increased risk, cost, and fraud for the DST organization (in addition to processing errors to get a supplier paid on time).

Important: The P2P policy will be communicated and published on the DST Procurement web page (and the external DST Supplier web page), visible to all P2P users and all suppliers.

All requisitioners and Procurement buyers should complete PeopleSoft requisition training and sign off against the DST Procurement Policy to signify that they understand the policy and the consequences for breaching this defined policy.

Except in circumstances specifically detailed within this document, any deviation from this policy shall not be permitted unless so justified and authorized in writing by the Chief Procurement Officer.

All DST associates, including contingent workers and associates at DST affiliates and subsidiaries, who purchase goods, works, or services for the company, are required to understand and comply with the DST P2P Policy. If clarification is needed, associates should contact their manager or a member of DST's Procurement team at P2PTeam@dstsystems.com.

1. DST's policy is to make all purchase decisions on the basis of cost, quality, delivery and overall performance. Items selected for purchase will meet DST's business objectives and provide the best overall value.
2. DST utilizes the PeopleSoft Financial application for requisitioning, purchasing, payment and asset tracking. Procedures and policies for these are located on DST's intranet, Procurement page.
3. Except for certain goods, works, or services excluded under Exempted Items and Expenditures in this policy, all goods and services must be purchased under an approved P-CARD or purchase order (PO) as specified later in this document.
4. For goods, works, or services purchased through a requisition, the purchase requisition and the associated purchase order must be fully approved and issued to the supplier prior to ordering and/or receiving any goods, works, or services (including all renewals and data-feeds). It is against company policy to commence the requisitioning process after goods, works, or services are procured and invoiced to DST.

Compliance

Failure to comply with this policy could lead to associates having their PeopleSoft eProcurement access curtailed or shut off.

Properly Commissioned Work Principle

Ordering any goods, works, or services from suppliers prior to issuing a purchase order (unless using a P-Card) is contrary to the DST Procurement Policy and the DST P2P Policy. All such cases will be recorded and escalated to the Chief Procurement Officer.

Term	Definition
Category	A category is the logical grouping of similar expenditure items, such as spend on advertising agency services or IT hardware.
Commodity	When used throughout this document, commodity can mean a good, work or service that is going to be acquired by DST.
Suppliers	Organizations providing goods, works, or services (i.e., commodity) to DST.
Supplier Definition	<p><i>Preferred</i></p> <p>A preferred supplier is a supplier operating within an approved DST contractual agreement for defined commodities.</p> <p><i>Approved</i></p> <p>DST Procurement focuses on criteria including capability, quality and financial stability. Approved suppliers are normally suppliers that provide infrequent goods/services or where the goods/services cannot be provided by a preferred supplier. These suppliers are expected to have a short/medium-term relationship with DST. Use of approved suppliers is monitored by DST Procurement, who identifies and measures trends in expenditure. DST Procurement will then identify potential benefits that could justify tendering the goods, works, or services in question in order to create additional preferred suppliers.</p> <p><i>Exception/Regulatory</i></p> <p>Suppliers where there is little choice of which supplier can be used.</p>
Accounts Payable (AP)	Department within DST that is responsible for receiving, processing, and paying all invoices.
Procure-to-Pay (P2P)	Procure-to-Pay is a series of tools and processes that support DST to purchase commodities from a supplier in a compliant way, enabling payments to be made using the agreed method and timing as stated within the terms of contract.
PeopleSoft eProcurement	The self-service requisitioning application that controls employee spending on third party suppliers.
PeopleSoft eSupplier	The eSupplier portal enables suppliers to review their account status.
PeopleSoft eSettlement (e-Invoicing)	eSettlement provides an electronic hub for suppliers to submit invoices. DST's goal is that 100% of all invoices be processed via e-invoicing using the PeopleSoft eSettlement module.
Segregation of Duties (SOD)	Segregation of Duties (SOD) is a key concept of internal control. It implements an appropriate level of checks and balances upon the activities of individuals for prevention of fraud and errors.
Requisition	A requisition is a formal request in the PeopleSoft eProcurement system to make a purchase on behalf of DST.
P-CARD	A corporate credit card that can be used as defined herein.
Purchase Order (PO)	A purchase order (PO) is a formal document issued by DST authorized buyers to suppliers. It is commitment to purchase. It indicates type, quantity, and agreed prices for products or services for the supplier to provide.
Supplier Gateway	DST's third-party provider relationship that conducts supplier vetting activities.
Voucher Routed Out (VRO)	Invoices that cannot be processed for payment because of incomplete information or activity (e.g., no goods receipt or no PO # on the invoice).

Compliant Routes to Purchasing

There are two compliant routes to purchase and pay for commodities from DST suppliers:

1. Corporate Purchasing Card (P-CARD)
2. PeopleSoft eProcurement Module

P-CARD Process

The P-CARD is available for approved associates to purchase non-travel related goods, works, or services less than \$5,000. PeopleSoft catalog items will not be included in the P-CARD process. Certain items over \$5,000 may also be paid by P-CARD with the approval of the P2P team. Please consult Procurement prior to purchase. Associates requesting a P-CARD must be authorized by their manager and the Chief Procurement Officer. Associates utilizing this tool will be required to follow the standard process as outlined in the P-Card Policy. Management of the P-CARD program resides within Finance and Procurement. The P-CARD Policy is located on DST's intranet, Procurement page.

Do not use your P-CARD outside of your home country (due to potential income tax withholding and tax compliance issues); the P-CARD is not to be used for services procured in India due to Tax Deducted at Source (TDS) and Service Tax issues. You should also not use suppliers outside of your home country due to the W8/1042 issues (and costs) this creates for DST. Any decision to use a supplier outside of your home country must be vetted with Procurement and then will be escalated to the Chief Procurement Officer for final approval.

Supplier Set-up in PeopleSoft

All new suppliers must be vetted and approved by Procurement prior to being established in our financial system and prior to the initiation of any engagements or purchases with the supplier. DST utilizes Supplier Gateway as the third party entity to conduct supplier vetting activities (all required forms and the information for setup as a supplier is included in the Supplier Gateway process). Do not use suppliers outside of your home country due to the tax issues this creates for DST.

Associates must use the approved supplier base if at all possible. Associates should only request net new suppliers with sufficient business justification. Procurement, at its discretion, may elect to purchase the goods/services from an existing approved supplier rather than add a new supplier.

A new supplier set-up will take place through Supplier Gateway. Approval must be provided by the Procurement Category Manager and the Chief Procurement Officer for any new supplier addition. Once the supplier has been approved by Supplier Gateway, the P2P team will set-up the new supplier in PeopleSoft within 5 business days. For approved exceptions and one-time payment set-ups in PeopleSoft, the P2P team will set up the new supplier in PeopleSoft within 3 business days. Refer to Exhibit B for different types of Supplier Setups and Exhibit C for Approved Exceptions from the Supplier Vetting program.

Healthcare Related Supplier Set-up Guidelines

- The New Supplier Set Up process incorporates the following into the vetting process for ANY healthcare-related supplier:
- Office of Inspector General List of Excluded Individuals/Entities (OIG Exclusion List).
- US General Services Administration List of Parties Excluded from Federal Programs (GSA Exclusion List).
- System for Award Management (SAM): official U.S government system that consolidates the capabilities of the Central Contractor Registry (CCR), the Federal Agency Registration (FedReg), Online Representations and Certifications Applications (ORCA), and Excluded Parties List System (EPLS).
- DST Healthcare Compliance Assessment for HIPAA compliance (applies if there is access to data or a SIG is required; part of due diligence questionnaire under healthcare tab).

- Approvals regarding new suppliers to the following individuals:
 - DST Pharmacy Solutions - Organizational Compliance Manager and/or Privacy Officer.
 - DSTHS - Chief Privacy and Security Manager, in addition to Assistant General Counsel.
- In addition, Procurement associates are requested to work not only with internal clients/end users but with the compliance groups above to determine applicability of a BAA, Medicare/Medicaid Addendum, etc.

Specific Roles and Responsibilities Regarding New Supplier Set-up

Role	Responsibility
DST Associate	Submit a request to Procurement for procurement needs and evaluation of potential new suppliers (in addition, provide sufficient business justification and documentation to back up any requests for new suppliers, including ACH/EFT banking instructions provided by the supplier on supplier letterhead).*
Procurement P2P	Verification of W9s/W8s/Business registration numbers, validation through Supplier Gateway ACH activation, supplier setup and activation in PeopleSoft, preparation of supplier approval packets and supplier due diligence.
Accounts Payable	Validation of the completeness and accuracy of suppliers W8s.
Procurement	Review of need against current supplier base; negotiation of commercial terms; lead the supplier selection process, initiation of new supplier request to the P2P Team; preparation of nondisclosure agreement (NDA) to send to supplier (prior to any conversations with the supplier).
Procurement Category Manager	Provide approval for addition of any net new non-exception supplier
New Suppliers	Completion of new supplier set-up forms, acknowledgement of DST policies, response to anti-bribery questionnaire.

* All new supplier set-up requests require two management-level approvals (with at least one senior management level approval) and direct confirmation from the supplier regarding ACH/EFT banking instructions.

Requisition Routing and Value

The requisition will be routed for fiscal approval based on the requester’s management hierarchy in PeopleSoft. Some commodity types require additional approvals.

The requisition must be for the full value of the purchase or agreement including estimated travel costs, but excluding any taxes and delivery charges.

For all purchases of goods, works, or services over \$100,000, or at the request of executive leadership, a Business Case must be completed by the requester and attached to the requisition in PeopleSoft. Certain business units may require a Business Case for less than \$100,000. Business Case templates can be found on DST’s intranet, DSTConnect.

Purchase Order Process

A purchase order is created by Procurement only after the associated purchase requisition has been approved.

Procurement and the P2P team are responsible for communicating the purchase order information to the suppliers. DST expects all supplier invoices be submitted electronically through the PeopleSoft eSettlements module. Each invoice must reference a valid DST purchase order number. If an invoice is received without a valid purchase order number, the invoice will be returned to the supplier. If a supplier is new to DST, Procurement and the P2P Team will work with the supplier and the internal stakeholder(s) to communicate the P2P policy.

Invoices without Purchase Order

Accounts Payable cannot pay the invoice until a valid, fully-funded purchase order is provided. The invoice can also be paid with a corporate purchasing card (P-CARD) if applicable.

Associates must not make verbal or written agreements with Suppliers outside of the terms and conditions described within a standard DST purchase order and its supporting documents, as DST will not honor such agreements.

Raising a Requisition within PeopleSoft

Associates must never commit (in writing or otherwise) to make a purchase from a supplier before a requisition has been created, approved and the associated PO is created and delivered to the supplier from the PeopleSoft Purchasing module.

If the purchase is made using the corporate purchasing card (P-CARD), a different set of rules and controls will apply, which can be found within the P-CARD Policy which can be located on DST's intranet, Procurement page.

Where DST has a contract with a supplier, the values quoted on the requisition must be consistent with those stated in the contract and the PO must match against the corresponding invoice.

- Requisitions can only be raised with a supplier that is set-up in the DST PeopleSoft system.
- When creating a requisition, you must create a separate line item for software, hardware, installation charges, professional services and travel expenses from the supplier.
- Requisitions should be created 90 days before the renewal of any maintenance, license fee, data-feed, etc.

A meaningful justification (comment field in requisition) must be stated for the approver to be able to make an informed decision. This includes referencing the contract number (where known) and for what purpose the items are required.

Obtaining Approvals and Raising a Purchase Order

The Requisitions will go through an approval process that may include one or all of the following:

- Technical approval
- Delegated Procurement approval
- Delegated Financial approval
- Fiscal approval
- Category approval

Associates who are providing fiscal approval are responsible for ensuring that the expenditure is in line with DST business requirements and planned for within their budgets. Specific considerations required as part of the approval process are to:

- Check whether the proposed expenditure has been allocated/budgeted
- Decide whether the item(s) on the requisition need to be purchased
- Ensure the correct category has been selected

Associates who are providing commodity approval are responsible for ensuring the product/service is in line with DST standards. Where appropriate, commodity approvers check inventory to determine if resources can be reallocated in lieu of the net new purchase. Certain approvers have responsibility for verifying account coding.

Procurement will check for quality and governance, amongst other indicators, to ensure that we are purchasing in line with the applicable policy. Specific considerations that are part of these approvals process are to:

- Ensure that appropriate procurement controls have been followed.
- Ensure DST is getting the best value for its money.
- Ensure that the PO is being placed with an approved or preferred supplier.
- Ensure that the requisition has the correct terms.

Receiving the Purchase Order

One of the biggest issues preventing the timely resolution of payment issues to suppliers is the proper receipting of goods, works, or services in PeopleSoft. If you have an approved requisition in PeopleSoft (and a PO has been dispatched to the supplier), it is your responsibility to receipt your item in PeopleSoft once the good, works, or services have been delivered by a supplier. The P2P Team will work with each DST Business Unit to identify and train a Central Requisitioner to serve as an escalation point in the organization and to ensure best practices are maintained for timely receipts in PeopleSoft.

Invoices and Payments

All invoices subject to this policy must be submitted through eSettlements with a valid, fully funded (the PO has enough money left to pay the invoice) PO # on the invoice. DST expects all suppliers and supplier spend invoices be submitted electronically through the PeopleSoft eSettlements module.

Changes to Supplier Details

All changes to the supplier record in PeopleSoft must be submitted to the P2P team (P2PTeam@dstsystems.com). This includes supplier bank account changes. All banking instructions must be confirmed with the supplier before any change to the supplier record can be completed.

Requisition Creation Rules

In order to improve the efficiency of our procurement operations, the following rules are in effect for the creation of requisitions at DST:

Requisition Rule		Benefit to DST
1	New requisition submitted for new work. Approved exception: Large construction projects (over \$500k) that involve a Project ID and that have lots of change orders as a matter of business process.	Adding funds to an older approved Purchase Order leads to invoicing errors over time.
2	Requisitions must be approved and executed in a timely manner prior to the commencement of the works, services, or delivery of goods by the supplier (including all renewals).	Properly Commissioned Work Principle (we do not engage a supplier to work for DST without first providing an approved Purchase Order to the supplier).
3	Requisitions must be submitted with the correct PeopleSoft Category	Proper Category Selection
4	Do not extend term of a requisition beyond one 12 month period (unless tied to a multi-year payment term specified in a supplier contract).	DST is better able to manage supplier performance and pricing; also, helps insure proper payment to the supplier.

Requisition Rule		Benefit to DST
5	If a supplier is bought out by another entity (and has a new Taxpayer Identification Number), a new requisition must be approved and a new PO submitted to the supplier.	From a compliance/regulatory point of view, we need the new supplier to be set-up in PeopleSoft for this type of situation.
6	Only Procurement Buyers can create and issue POs.	Insure best-in-class submission of PO's for true P2P touchless efficiency.
7	Only software orders should use the software ship-to location on the requisition. All software ship-to locations contain "SW". Software requisitions need to be submitted separate from hardware requisitions (which need a ship-to location that is a physical address).	Software orders do not require receipt in PeopleSoft since most software is delivered electronically. If you use a software ship-to location for any non-software purchase, then the required receipt notification and escalation will not occur (which causes error issues for DST).
8	Do not use a requisition to allocate costs to multiple business units/departments within DST.	Costs should be budgeted and then allocated to one business and department. This process will make the budget and requisition process more streamlined and efficient.
9	Ensure software, hardware, installation charges, professional services and travel expenses are detailed on separate requisition lines (i.e., do not bundle these types of expenses together onto one line on a requisition).	Assists with the determination if tax needs to be assessed by the DST Tax Team.
10	If the order requires a shipment and the intended delivery address is not the person who is submitting the requisition, change the ship to address to the intended delivery address.	Accurately assess and remit tax liabilities and prevents orders being shipped to the wrong location.

Purchase Order Rules

In order to improve the efficiency of our procurement operations, the following rules are in effect for the creation of purchase orders at DST (only Procurement can create and issue purchase orders):

Purchase Order Rule		Benefit to DST
1	New PO issued for new work Approved exceptions: Large construction projects (over \$500k) that involve a Project ID and that have lots of change orders as a matter of business process, Microsoft SPLA Agreement.	Re-using older POs leads to invoicing error issues over time.
2	Do not add funds to existing POs Approved exceptions: Rent, utilities Example: If there are residual funds on an approved PO, but not enough funds to cover an invoice, then the PO must be closed and a new PO issued to cover the amount of the invoice.	Eliminate confusion on behalf of the supplier and streamline the payment of the invoice (and avoid invoice error status).
3	POs must be approved and executed in a timely manner and must be issued to the supplier prior to the commencement of the works, services, or delivery of goods by the supplier.	Properly Commissioned Work Principle (we do not engage a supplier to work for DST without first providing an approved Purchase Order to the supplier).
4	Do not change PO payment terms (which are derived	Elimination of errors in Accounts Payable. If a PO payment term is wrong, fix the master supplier record in PeopleSoft to

Purchase Order Rule		Benefit to DST
	from the master supplier record in PeopleSoft).	correspond with the contractual agreement (the P2P team is responsible for updating the master supplier record).
5	Do not create manual POs.	Process and internal audit controls.
6	Do not extend term of requisition or a PO beyond one 12 month period (unless tied to a multi-year payment term specified in a supplier contract).	Avoid PO out of money issue, and avoid aging PO issues (a PO that is several years old will, over time, cause issues and eventually become unusable).
7	If a supplier is bought out by another entity (and has a new Taxpayer Identification Number), a new requisition must be approved and a new PO submitted to the supplier.	From a compliance/regulatory point of view, we need the new supplier to be set-up in PeopleSoft in this type of situation.
8	Do not move money from one PO to another or from one PO line to another PO line.	Avoid processing errors for invoices.
9	Do not use a PO to allocate costs to multiple business units/departments within DST.	Costs should be budgeted and then allocated to one business and department. This process will make the budget and requisition process more streamlined and efficient.
10	For amount only POs do not utilize "NTE" as a unit of measure (instead please use "EACH" as the unit of measure). Do not set-up a requisition or Purchase Order (PO) line by putting the dollar amount in the quantity field and putting \$1 as the unit price. Instead, please use a value of "1" in the "Quantity" field and the dollar amount of the line in the "Price" field.	It is best practice for amount only purchase orders.

Use of Procurement by Contractors

Under no circumstance should any contingent workers or agency staff member have any involvement in the raising of requisitions or the receipting of POs that are in any way related to a 3rd party supplier relationship in which they may be associated.

DST Payment Term Policy

DST has partnered with American Express for the supplier payment program known as Buyer Initiated Payment (BIP). All suppliers are expected to accept BIP as the preferred method of invoice payment from DST.

DST has two approved payment terms for suppliers:

1. 30 day payment term (if supplier utilizes American Express Buyer Initiated Payment).
2. 60 day payment term (if supplier does not utilize American Express payment program and instead elects payment via Automated Clearing House - ACH). Either option selected by the supplier requires self-invoicing by the PO supplier through the eSettlements module. Any net new Supplier to DST will be paid through an electronic method. The DST Payment Term Policy does not apply to International suppliers. The DST payment term strategy also does not apply to utilities or to any approved exception third party entity listed in the Procurement Policy or the P2P Policy.

Requisitioner Responsibilities

The Requisitioner is responsible for ensuring that:

- Procurement is immediately engaged in the development of any procurement strategy as soon as a new supplier requirement is identified.

- Requirements are planned in order to ensure sufficient time is built in for the approval process.
- No commitments are made to purchase a good, work, or service from suppliers without first raising (and approving) a requisition in PeopleSoft, along with the creation of a valid Purchase Order.
- A requisition for a renewal (data-feeds, maintenance, and license fee) should be completed 90 days before the renewal date.
- Receipt of goods, works or services is performed as soon as the delivery has been made.
- Correct coding is entered on the requisition and the proposed supplier spend has been adequately budgeted.

Procurement Responsibilities

Procurement is responsible for ensuring that:

- Contracts are in place with preferred suppliers.
- PO terms are used appropriately.
- Accurate and current records are maintained for the preferred and approved supplier list.
- The category structure is maintained.
- Formal close out of all POs following an expiration or termination of any PO.

Procure-to-Pay Responsibilities

- Setting up new suppliers.
- Responding to supplier and business queries.
- Setting up suppliers on eSupplier.
- Operating appropriate P2P controls.

Accounts Payable Responsibilities

- Processing and paying invoices in line with the payment terms.
- Communicating any changes to invoice requirements and payment processes to the organization.
- Not paying invoices above the invoiced amount.

Supplier Responsibilities

- Submitting accurate invoices with valid PO #s in PeopleSoft e-Settlements (if it is a PO supplier).
- Communicating or escalating any issues with an invoice to the P2P team at:
P2PTeam@dstdsystems.com.
- Ensuring no work is performed without receipt of a valid PO from DST (Properly Commissioned Work Principle).

Document Information

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Origination Date	May 1, 2015
Last Reviewed	September 1, 2017
Next Review Date	September 1, 2018
Last Modified	September 1, 2017
Modified By	John Meiers