

# Standard Operating Procedure – Payment through MGIC USA bank account

## Purpose

The MGIC USA payment mechanism is available to UMB under the auspices of the University System of Maryland Board of Regents, and as described in MGIC’s governing documents and policies approved by UMB.

The purpose of this SOP is to describe the MGIC USA payment mechanism and procedures for ensuring accountability and the effective and efficient use of funds. The SOP intends to cover payments made on behalf of UMB outside the structure of a Program Authorization Agreement (PAA).

This document will be updated as required to comply with policies and meet the needs of UMB and MGIC.

In case there is a conflict between MGIC policies & procedures and this specific SOP, MGIC financial policies & procedures will take precedence.

## **A. Payment for goods and services procured through MGIC.**

The following steps apply when MGIC has procured goods and services internationally through its own procurement policies and procedures, on behalf of a UMB School or Department (Requesting Unit) or on behalf of another authorized party.

### **Step 1: Invoice submitted by vendor or service provider.**

Usually, the payment process starts with an invoice from the vendor based on the contract, purchase order (PO) or agreement that has been executed by MGIC on behalf of UMB. The IO Department requests vendor invoices to be submitted through [io-invoices@umaryland.edu](mailto:io-invoices@umaryland.edu).

The invoice is reviewed by the IO Senior international Accountant for calculation accuracy, compliance with MGIC invoicing requirements, and supporting documentation.

The IO Senior International Accountant reviews MGIC USA’s procurement records in Unit4 to confirm the procurement package and vendor information are complete and approved. If the procurement records are incomplete, the IO Senior Procurement Specialist will resolve discrepancies before the payment process moves to Step 2.

## Step 2: Required paperwork completed by Requesting Unit

MGIC USA requires three documents to be completed, signed, and submitted by the Requesting Unit at this stage:

- a. **Payee's Bank details verification form:** this form is completed and signed by the payee (vendor or service provider) when the payee is not a commercial business, or when requested by IO. MGIC USA may only be used to wire funds to non-US bank accounts; any exceptions must be approved through MGIC leadership. The Requesting Unit facilitates communication with the vendor to complete the form. By signing this form, the payee confirms their bank account details provided on the form are accurate. UMB and MGIC are not responsible for wire transfer failures resulting from erroneous information provided by the payee on this form. [Payee-Bank-details-Verification-Form.docx \(live.com\)](#)
- b. **Payment Authorization Form (PAF):** this form is signed by an official who is authorized to commit the School or Department to pay for the goods or services. By signing the PAF, the official from the Requesting Unit authorizes MGIC to promptly make the payment on UMB's behalf and confirms that the payment complies with all applicable Sponsor or Funding Source requirements and that reimbursement will be made timely from UMB to MGIC (see Step 5). [Payment-Authorization-Form.docx \(live.com\)](#)

### **Special Note on Currency of Payment:**

The PAF indicates whether payment is required in USD or a foreign currency. MGIC USA's bank account is a US dollar account and payments are preferred to be made through USD. In certain circumstances MGIC may be able to pay in foreign currency, which will be converted by MGIC's bank using the bank's own exchange rate on the day of payment. **For purposes of the PAF only**, Requesting Units may utilize Oanda, XE.com or another credible international source to convert foreign currency payments to USD for budget approval purposes. However, this calculation will likely not match the rate used by MGIC's bank on the day of transaction. **MGIC is not responsible for any loss on foreign currency exchange.**

- c. **IRS W8-BEN Form, IRS W9 Form, or MGIC Foreign Source Statement (FSS):** MGIC reports payments made to Contractor to the United States Internal Revenue Service (IRS) when applicable. If Contractor is not a U.S. citizen or resident alien, the contractor shall provide a completed W8 BEN form (individuals) or W8 BEN E (vendors) for services performed in the United States, or a Foreign Source Statement (FSS) for services performed outside the United States. If the Contractor is a U.S. resident for tax purposes, the contractor shall provide a W9 form regardless of where the services are performed. [ForeignSourceStatement---MGIC.docx \(live.com\)](#), [Form W-8 BEN \(Rev. October 2021\) \(umaryland.edu\)](#), [Form W-8BEN-E \(Rev. October 2021\) \(umaryland.edu\)](#)--[Form W-9 \(Rev. October 2018\) \(umaryland.edu\)](#)

## Step 3: Payment Voucher produced and approved by IO and MGIC

Once the invoice is reviewed and required documents are received, the payment voucher is prepared and signed by IO's Senior International Accountant detailing the date, vendor name, description of the payment and the payment amount, and attaching all supporting documentation.

The Senior International Accountant assigns a unique number to the voucher and submits through DocuSign for review and approval by the following positions, as authorized in MGIC policies and governing bylaws:

- 1<sup>st</sup> Signature                 Senior International Accountant (Preparer)
- 2<sup>nd</sup> Signature                Manager International Finance & Procurement (review)
- 3<sup>rd</sup> Signature                Assistant Vice President IO (approval) – below US \$10,000 or as delegated.
- 4<sup>th</sup> Signature                MGIC president (Approval if required) – above US \$10,000 or as delegated.

**Step 4: Payment made through wire transfer by MGIC USA**

First-time vendors are set up in MGIC USA's online banking platform and Unit4 (MGIC's accounting system) utilizing the Payee Bank Details Verification Form. If additional information is required, IO will contact the Requesting Unit to facilitate communication with the vendor or service provider.

The MGIC USA bank account requires two approvers for security purposes, as required by MGIC policy. Approval roles are held by senior staff in IO, on behalf of the MGIC signatories in the Board of Directors.

Payments are executed as international Wire Transfers through MGIC USA's bank account or an approved commercial international money transfer service. For foreign currency wire transfers, MGIC USA's bank or commercial service applies its own rate on the date of transaction. This rate may not match the illustrative foreign currency conversion provided by the Requesting Unit in its PAF. MGIC is not responsible for loss on foreign currency exchange.

Typical processing time for wire transfers is 1-3 business days from the date of transaction. Processing time may be extended if the bank requires additional verification and clearance for certain vendors.

Once the wire transfer is complete, the IO Senior Accountant downloads the Proof of Payment from the online banking platform and shares same with vendor.

**Step 5: MGIC USA Invoice submitted to Requesting Unit**

After the payment, the IO Senior International Accountant will issue an MGIC USA invoice to the relevant school directly, for reimbursement of the amount paid on behalf of the school along with any charges applied by the MGIC USA bank.

Because MGIC USA is an affiliate entity of UMB acting as a vendor to UMB for international payment services, it cannot receive reimbursement through internal debit memos. The Requesting Unit therefore prepares a Non-PO through Quantum, which will go through the school's account payable process to the State Treasury for payment to MGIC USA.

MGIC USA expects timely processing of non-PO payments based on its invoice for reimbursement. In cases where extended delays at the School or Department level jeopardize MGIC USA's ability to maintain a viable bank balance, the UMB Office of the Controller has the authority to retrieve funds from the school based on the approved PAF.

## **B. Payment for Goods and Services that were not procured through MGIC, and Payment for Other Expenses on behalf of UMB.**

MGIC may be used by UMB Schools and Departments to pay for goods, services, and other expenses associated with UMB's international activity. This may include goods and services procured through UMB's sourcing and purchasing procedures. This may also include other expenses for international partners and non-UMB personnel, such as Honoraria, stipends, travel expenses, and program expenses.

- Note: MGIC USA cannot make payments to UMB faculty, staff or students.
- Note: MGIC USA may only be used to wire funds to non-US (foreign) bank accounts; any exceptions must be approved through MGIC leadership.









IO will review each request for payment and determine whether MGIC USA can be used, in consideration of MGIC and UMB policy allowability, regulatory compliance, operational feasibility, and cost efficiency. Should IO determine that the MGIC USA payment mechanism can be used for the Requesting Unit's need, and if MGIC USA did not procure the goods or services on behalf of the Requesting Unit prior to the performance of the work and the request for payment, the following steps will apply:

### **Step 1: Supporting Documentation submitted by Requesting Unit**








Depending on the nature of the payment and the recipient of the payment, different supporting documentation is required to enable MGIC USA to process payment on behalf of the Requesting Unit. The following chart shows the requirements for common expenses. Templates for each document are available at the Global Hub. [International Finance & Procurement - Plan Global Activities \(umaryland.edu\)](https://umaryland.edu/international-finance-procurement-plan-global-activities)

## Required Documentation








### VENDOR/ PROGRAM AND GRANT PAYMENT

VENDOR PAYMENT (Consultant, Service Contractor, or Provider of Goods)				
				
<i>Payment Request</i>	<i>DISBURSEMENT</i>	<i>After Payment</i>		
<p><u>Requesting School</u> sends the following <b>completed, signed</b> documents to <a href="mailto:globalhub@umaryland.edu">globalhub@umaryland.edu</a></p> <ol style="list-style-type: none"> <li>1. Consultant Agreement or Service Contract/ Service Contract or Funding Agreement.</li> <li>2. Vendor Invoice (not required for grantees)</li> <li>3. Payment Authorization Form</li> <li>4. Payee Bank Details Verification Form (must be a bank account outside the U.S.)</li> <li>5. Applicable IRS taxpayer form (Foreign Source Statement, W8 or W9 – see SOP for guidance)</li> </ol>	<p>IO Processes Payment:</p> <ol style="list-style-type: none"> <li>1. IO obtains required internal MGIC approvals.</li> <li>2. IO sends payment by International Wire Transfer to vendor’s non-US bank account.</li> <li>3. IO sends Proof of Payment to Vendor and to requestor in School.</li> </ol>	<p>IO and Requesting School complete reimbursement and reconciliation steps:</p> <ol style="list-style-type: none"> <li>1. IO sends MGIC-US invoice for reimbursement of payment to Requesting School</li> <li>2. <u>Requesting School</u> processes NON-PO payment to MGIC through Quantum</li> <li>3. IO enters transaction into MGIC accounting system and creates audit file.</li> </ol>		
Required Document List				
				
<b>Consultant Agreement or Service Contract/Funding Agreement</b>	<b>Detailed Invoice</b>	<b><u>Payment Authorization Form</u></b>	<b><u>Payee Bank Details Verification Form</u></b>	<b><u>Foreign Source Statement (FSS), W8, or W9 as applicable</u></b>







**Visiting Student or Faculty Payment (Honoraria, Stipend or Fellowship)**

Visiting Student or Faculty Payment (Honoraria, Stipend or Fellowship)			
			
<i>Payment Request</i>	<i>DISBURSEMENT</i>	<i>After Payment</i>	
<p>Requesting School sends the following <b>completed, signed</b> documents to <a href="mailto:globalhub@umaryland.edu">globalhub@umaryland.edu</a></p> <ol style="list-style-type: none"> <li>1. Support/invitation letter or visitation agreement</li> <li>2. Payment Authorization Form</li> <li>3. Payee Bank Details Verification Form (must be a bank account outside the U.S.)</li> <li>4. Applicable IRS taxpayer form (consult with IO on US tax requirements in each case)</li> </ol>	<p>IO Processes Payment:</p> <ol style="list-style-type: none"> <li>1. IO obtains required internal MGIC approvals.</li> <li>2. IO sends payment by International Wire Transfer to recipient’s non-US bank account.</li> <li>3. IO sends Proof of Payment to requestor in School.</li> </ol>	<p>IO and Requesting School complete reimbursement and reconciliation steps:</p> <ol style="list-style-type: none"> <li>1. IO sends MGIC-US invoice for reimbursement of payment to Requesting School</li> <li>2. <u>Requesting School</u> processes NON-PO payment to MGIC through Quantum</li> <li>3. IO enters transaction into MGIC accounting system and creates audit file.</li> </ol>	
Required Document List			
			
Letter/Agreement	<a href="#">Payment Authorization Form</a>	<a href="#">Payee Bank Details Verification Form</a>	Applicable IRS taxpayer form (consult IO in each case)

**Non-UMB Personnel Travel advances and travel expenses reimbursements:**

Travel (Travel Advance, travel expense reimbursement ) Note: IO can only process Travel advances and reimubrsements for non-UMB personnel, such as fellowship recipients or visiting guest lecturers. All UMB faculty, staff and students must process travel advances and reimbursemetns directly through UMB.			
			
<i>Payment Request</i>	<i>DISBURSEMENT</i>	<i>After Payment</i>	
<p><u>Requesting School</u> sends the following <b>completed, signed</b> documents to <a href="mailto:globalhub@umaryland.edu">globalhub@umaryland.edu</a></p> <ol style="list-style-type: none"> <li>1. Approved Travel Request Form from UMB’s concur system if travelling from, to and through the United States, Or the Non-employee travel attestation form if travelling between other countries then United states.</li> <li>2. Approved MGIC Travel Advance form (<b>advance</b>) and MGIC Travel Expense Report (<b>Travel Expenses Reimbursement</b>)</li> <li>3. Payment Authorization Form</li> <li>4. Payee Bank Details Verification Form (must be a bank account outside the U.S.)</li> </ol>	<p>IO Processes Payment:</p> <ol style="list-style-type: none"> <li>1. IO obtains required internal MGIC approvals.</li> <li>2. IO sends payment by International Wire Transfer to recipient’s non-US bank account.</li> <li>3. IO sends Proof of Payment to recipient’s and to requestor in School.</li> </ol> <p><b>Note on Travel:</b>  <b>MGIC can pay the costs for meals &amp; incidental, visa, and other miscellaneous expenses. The lodging in the US should be paid through the department payment system (P-Card). Flight tickets must be purchased through concur for flights to, from and through the United States.</b></p>	<p>IO and Requesting School complete reimbursement and reconciliation steps:</p> <ol style="list-style-type: none"> <li>1. IO sends MGIC-US invoice for reimbursement of payment to Requesting School</li> <li>2. <u>Requesting School</u> processes NON-PO payment to MGIC through Quantum</li> <li>3. IO enters transaction into MGIC accounting system and creates audit file.</li> </ol>	
Required Document List			
 <p>Approved Travel Request Form from UMB’s Concur system if travelling from, to and through the United States, or the <a href="#">Non-employee Travel Attestation Form</a> if travelling between other countries then United states.</p>	 <p><a href="#">Approved Travel Advance form (advance) and Travel Expense Report (Travel Expenses)</a></p>	 <p><a href="#">Payment Authorization Form</a></p>	 <p><a href="#">Payee Bank Details Verification Form</a></p>

**UMB Personnel Travel expenses:**

Travel (Travel expenses) Note: IO can pay hotel, transportation and other miscellaneous expenses directly to vendors outside of the United States for UMB personnel but can not pay UMB personnel directly for any advance or reimbursement or flight ticket. UMB faculty, staff and students must process travel advances and reimbursements directly through UMB.		
		
<i>Payment Request</i>	<i>DISBURSEMENT</i>	<i>After Payment</i>
<p><u>Requesting School</u> sends the following <b>completed, signed</b> documents to <a href="mailto:globalhub@umaryland.edu">globalhub@umaryland.edu</a></p> <ol style="list-style-type: none"> <li>1. Approved Travel Request Form from UMB’s concur system</li> <li>2. Detailed Invoice or reservation documents (hotels, cars rental and other expense) for the payment to vendor’s outside of the United States with full payment details on the invoice/ reservation document.</li> <li>3. Payment Authorization Form</li> </ol>	<p>IO Processes Payment:</p> <ol style="list-style-type: none"> <li>1. IO obtains required internal MGIC approvals.</li> <li>2. IO sends payment by International Wire Transfer to Vendors non-US bank account.</li> <li>3. IO sends Proof of Payment to vendor or to requestor in School.</li> </ol> <p><b>Note on Travel:</b></p> <p><b>IO can pay hotel, transportation and other miscellaneous expenses directly to vendors outside of the United States for UMB personnel but can not pay UMB personnel directly for any advance or reimbursement or flight ticket. UMB faculty, staff and students must process travel advances and reimbursements directly through UMB.</b></p>	<p>IO and Requesting School complete reimbursement and reconciliation steps:</p> <ol style="list-style-type: none"> <li>1. IO sends MGIC-US invoice for reimbursement of payment to Requesting School</li> <li>2. <u>Requesting School</u> processes NON-PO payment to MGIC through Quantum</li> <li>3. IO enters transaction into MGIC accounting system and creates audit file.</li> </ol>
Required Document List		
 <p><b>Approved Travel Request form from UMB Concur System</b></p>	 <p><b>Detailed Invoice or reservation documents (hotels, cars rental and other expense) for the payment to vendor’s outside of the United States with full payment details on the invoice/ reservation document.</b></p>	 <p><b><u><a href="#">Payment Authorization Form</a></u></b></p>

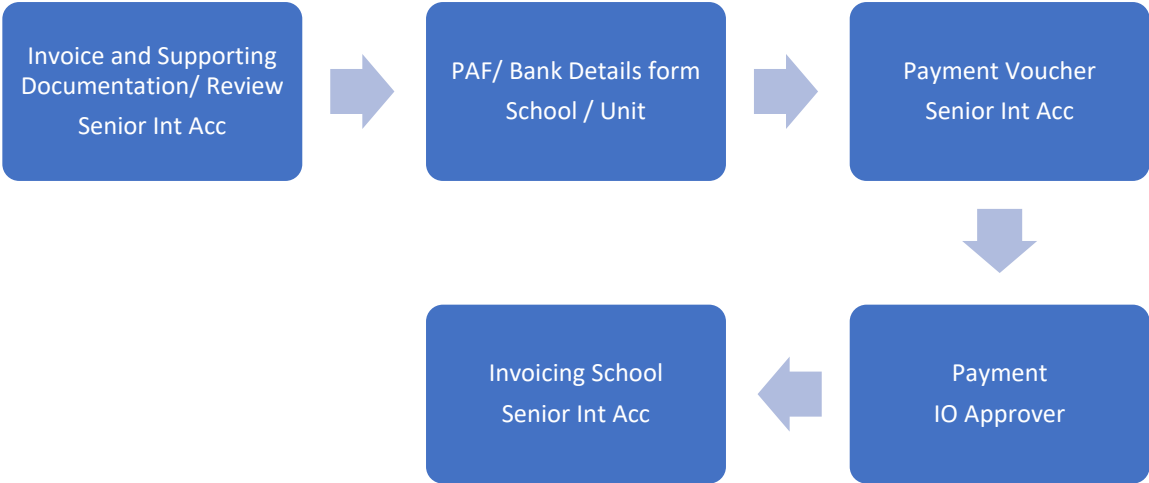


IO assumes that the information and instructions provided by the Requesting Unit conform to any applicable Sponsor or Funding Source requirements, and that the UMB signatories on all documents are authorized to bind the university to the terms and conditions in the document.

**Steps 2-5**

The remaining steps in the MGIC USA payment protocol do not differ between MGIC-procured and non-MGIC-procured scenarios.

**Payment Workflow Chart**



**Finances Forms**

- To view and download the financial forms, follow the hyperlink [International Finance & Procurement - Plan Global Activities \(umaryland.edu\)](https://umaryland.edu/international-finance-procurement-plan-global-activities)

## **US Tax Application**

IO reports payments made to Contractors and other Payees to the United States Internal Revenue Services (IRS) as applicable. If Contractor/Payee is not a U.S. citizen or resident alien, the contractor or payee shall provide a copy of W8 BEN form (individuals) or W8 BEN E (vendors), for services performed in the United States, or an MGIC Foreign Source Statement (FSS) for services performed outside the United States. If the Contractor/Payee is a U.S. resident for tax purposes, the Contractor/Payee shall provide a W9 form regardless of where the services are performed. In the event that applicable law shall require MGIC to withhold taxes, the Requesting School and Contractor or Payee agree that the amount shall be subtracted from the gross payment. IO cannot provide tax advice; payment recipients should consult a tax professional for guidance.