



Angelo State University
Operating Policy and Procedure

OP 14.05: Expenditure Payment Policy

DATE: June 28, 2019

PURPOSE: The purpose of this Operating Policy/Procedure (OP) is to provide guidance for specific expenditures. This policy will ensure appropriate, adequately documented expenditures as set forth in the Internal Revenue Code, the Purchasing Policies and Procedures Guide, and the TTUS System Rules and Regulations.

REVIEW: This OP will be reviewed in July every five years, or as needed, by the accounts payable manager, in conjunction with the executive director and controller, with recommended revisions forwarded through the vice president for finance and administration to the president by August 15 of the same year.

POLICY/PROCEDURE

1. Compliance

A state agency must have specific or implied statutory authority to make a purchase for a good or service.

A state agency is responsible for determining if it has the statutory authority to purchase a good or service *before* entering into a purchase account.

Specific statutory authority is clearly specified in the statute. Implied statutory authority must be determined by the purchasing agency, and the agency must demonstrate the purchase is necessary to fulfill its specific duties. Agencies should note, “the mere absence in Texas law of a prohibition on doing some act does not in itself furnish authority to perform that act.”

During a pre-payment or post payment audit, the Comptroller’s Office will request a state agency to cite the relevant statutory authority for a payment, unless the authority is obvious.

All employees of ASU should be familiar with this operating policy. Financial managers are responsible for verifying compliance with this OP prior to the submission of a purchase order, invoice, or a direct reimbursement request (DPR). Contact the Purchasing Office with any questions before making an obligation to ensure that the payment or reimbursement is appropriate.

The processing of a payment does not obligate the university to process all subsequent payments for the same type of purchase.

2. Preparation of Payment Documents

Vendors will submit an original invoice directly to the Accounts Payable Office, ASU Station #11034, San Angelo, TX 76909 with each order. The Accounts Payable Office will process the invoice for payment in compliance with all state laws and regulations. Copies of invoices will be scanned and sent via email to the appropriate department or financial manager for approval. Departments can reply via email with an "Ok to Pay" for goods and services that are not received through central receiving. Accounts Payable will indicate on the email the name of the vendor, purchase order number, and the amount of the billing. Replies should be sent to Accounts.Payable@angelo.edu and the invoice will be processed for payment.

Approval to pay on service items will not be requested if the contracted service is for a set monthly amount or a receiving document has been processed in Banner. Services with fluctuating amounts will still require department approval before payment. Invoices will be approved for payment upon receipt of all goods and/or services.

3. Reimbursement Time Limit

Purchase requisitions or direct payment request for reimbursement of purchases made on behalf of the university must be submitted as soon as possible after incurring the costs in order to eliminate any confusion that might occur because of unavailable funds and/or reporting periods. Purchase requisitions for reimbursements should be submitted no later than 60 days after payment and receipt of goods and/or services.

Because of IRS regulations and the Safe Harbor rules, requisitions for purchase reimbursements submitted 60-90 days after the date of the receipt require an attached explanation as to the reason(s) for the lateness. A late reimbursement request will also require additional levels of approval and may even be disallowed entirely or reported as taxable income to the payee.

Purchase requisitions for reimbursements will not be processed if submitted later than 90 days after the date of receipt of the goods and/or services.

4. Prompt Payment of Goods and/or Services

Texas Government Code, Chapter 2251, requires payment within 30 days from the date the goods and/or services are received or the date the invoice is received, whichever is later. If the payment is not made within the 30-day period, the state law further requires that interest be paid on a late payment due at the time the principal is paid. The interest calculation is one percentage point higher than the prime rate published in the *Wall Street Journal* on the first business day of July. The interest amount will automatically be calculated and paid to vendors of qualifying goods and/or services who received late payments from Angelo State University. Any interest paid on behalf of the university will be charged to the same departmental account as the late payment.

Prompt payment to vendors is dependent upon timely receipt of invoices in the Accounts Payable Office. All invoices must be mailed to the Accounts Payable Office, ASU Station #11034, San Angelo, TX 76909. If an original invoice is delivered to the department, it must be forwarded to the Accounts Payable Office in a timely manner. Accounts Payable will ensure payment is made within the calculated due date. All employees of the university can

assist in maintaining a good relationship with our vendors by processing paperwork promptly.

5. Direct Payment for Employee Reimbursement for Goods and/or Services

Reimbursements to employees for goods and/or services will be processed through the Accounts Payable Office as a direct payment. The purpose of the direct payment request is to reimburse employees for goods and/or services; it is not intended to reimburse for travel related expenses, memberships, or IT related purchases such as hardware, software, eReaders, iPads, and applications. Employees are defined as full-time, part-time, graduate assistants, and teaching assistants; this does not include students. A *Direct Payment Request* form (Attachment) must be completed and submitted, along with appropriate documentation, by the requesting department. The appropriate documentation includes an original itemized invoice with a description of the goods and/or services, the purpose of the purchase, a proof of payment and the name of the employee to be reimbursed. Employee reimbursements will be limited to no more than one reimbursement payment per month. Requests for reimbursements to employees must be submitted within 60 days from the date of expenditures (See section 3).

Requesting departments must complete and submit a purchase requisition for reimbursements for goods and/or services that have not been paid by August 15 of each year to the Purchasing Office to be encumbered from current year funds. All purchases for small dollar amounts must be made with a procurement card, because it is not cost effective to process individual payments.

6. Direct Payment for Medical Payments for Students and Student Athletes

Fees for medical payments for students and student athletes will be processed through the Accounts Payable Office as a direct payment. A *Direct Payment Request* (DPR) form (Attachment) must be completed and submitted, along with the supporting documentation by the requesting department. The supporting documentation includes an original itemized invoice with a description of services, charges, HICA (Health Insurance Claim) form and the name of the company that the check needs to be made payable to. If Angelo State University is the secondary insurance provider, an EOB (Explanation of Benefits) from the primary insurance company must be attached to the DPR.

Requesting departments must complete and submit a purchase requisition for fees for medical payments that have not been paid by August 15 of each year to the Purchasing Office to be encumbered from current year funds.

7. Subscriptions

All subscriptions to magazines, newspapers, professional journals, educational and/or learned publications are, in general, payable from local or State Appropriated funds, provided the document remains on reference and as property of the university. All subscriptions must be in the name of the university if state funds are used. Individual subscriptions are considered personal in nature and are allowed from designated or restricted funds only if documentation is provided that indicates a savings to the university by purchasing the subscription as an individual rather than as an institution, or if documentation is provided that indicates only individual subscriptions are available.

Payment of a subscription cannot be made **more than six weeks** in advance and the service length cannot be for more than two years.

8. Express and Freight Charges

Express and freight charges will be paid by the department initiating the transaction.

9. Sponsorships

A sponsorship is a relationship between a program or event host and the supporters of that program or event in exchange for an agreed-upon amount of exposure (advertising). Sponsorships typically have a stronger or multi-year commitment between the sponsor and supporters than other advertisements.

The university is often asked to sponsor (provide either monetary or product or service support) for programs, events, or organizations. Sponsorship payments will be allowed from private university funds (funds 0200-0700) or foundation funds **only** because various sections of the Texas constitution prohibit the giving away of the state's money or property or the use of state money or property for private reasons.

Payment of sponsorships must include the following documentation:

- Purpose of the sponsorship and benefit to the university
- A detailed listing and description of the specific items included in the sponsorship

10. Advertisements

Payment for advertising requires an invoice from the vendor and the ad proof for print, or script of the radio or television ad must be attached as part of the payment documentation.

11. Job Advertising

The Office of Human Resources is responsible for approving all job advertising. Any job advertising prepared by departments must have prior approval from the Office of Human Resources.

If the cost of advertising is paid by the department, a copy of the advertisement, in addition to the regular invoice, is required if proof of the advertisement is not available. All advertisements must include the statement, "Equal Opportunity/Affirmative Action Employer."

12. Admission Fees

Admission fees for student /group travel will be allowed from Restricted Gift Funds, Private Funds, and Special Contributions. Admission fees include charges to enter museums, plays, sporting events, etc.

13. Memberships

Membership requests must be approved by the appropriate vice president and must include a benefit statement to the university. Membership fees cannot be paid from state appropriated funds, unless provided by specific statutory authority. Membership fees can

be paid from local funds, but cannot be paid for students from any source of funds. All memberships must be in the name of the university. An individual may be shown as a representative, if desired.

14. Flowers

Purchases of non-business related gifts and flowers must be approved by the appropriate vice president. Supporting documentation should include the name of the recipient and relationship to the university and must accompany the original invoice for payment. The purchase of flowers is restricted to certain accounts and funds.

15. License and Notary Fee

University funds can be used to pay for a licensing fee or an occupation tax for an officer or employee of the agency if the agency determines the payment would directly and substantially relate to the agency's government function and the agency will receive adequate return if the employee is a full time employee who does not use the credentials outside of the confines of their state employment and the credentials are required to perform state duties.

A state agency may pay a notary license fee or notary bond fee for an employee of the agency, if providing notary services is part of the employee's official duties. A state agency must retain documentation in its files that state if the employee for whom the notary license fee or notary bond fees are paid provides notary service as part of the employee's official duties.

16. Advance Payment

The university may pay for goods or services *before* their delivery when the advance payment is necessary and allowable from state and university purchasing policies. Allowable advance payments include:

- Library books
- Lease or rent payments
- Maintenance contracts-*
- Specialized Goods/Services
- Subscriptions (maximum of six weeks before it begins)

The university may also make an advance payment if significant cost savings would result from making the payment in advance. Please utilize the comptroller's Discount Cost Effectiveness Calculator found at <https://fmx.cpa.texas.gov/fmx/purchase/disccalc/index.php> to help determine if significant cost savings exist.

*For maintenance contracts, the university must expense the services to the appropriation year in which the services are rendered. Departments may pay for the first year of a multi-year maintenance agreement with appropriated funds; however, additional years of the agreement will need to be paid from local funds if all years of the agreement are on the initial invoice.

[Minor revision: June 28, 2019]

All services provided to the university must be paid from the fiscal year in which the services are rendered.

Texas Education Code Section 62.021 prohibits advance payments from **HEAF** funds (funds 0075 and 4400) except for the acquisition of library books and other library materials, if payment is reasonably necessary for the efficient operation of the library.

17. Educational and General Funds appropriated by the state may not be expended by institutions of higher education for the following:

- Support or maintenance of alumni organizations or activities
- Support of auxiliary enterprises
- Expenses for commencement ceremonies may be paid only if they serve a proper public purpose
- Honorariums may be paid only if it is given as compensation for services rendered
- Operations of intercollegiate athletics or to provide athletic scholarships
- Establishment of museums or for the maintenance and operation of museums, unless the GAA or another act or resolution of the Legislature specifically authorizes the use of those funds
- Travel expenses incurred outside the boundaries of the State of Texas for the purpose of direct recruitment of students
- Acquisition, construction or operation of a television transmitter station
- Purchase of aircraft
- Membership in the Chamber of Commerce
- Entertainment expenses
- Purchasing food, coffee, cream, sugar and similar items employees of or visitors to the agency would consume
- Judgment obtained from the State of Texas against the university, except where it is specifically provided in the appropriation bill that funds may be used for payment of such judgment.
- Payment of telephone emergency service fees and surcharges (see the DIR website for a comprehensive list)
- Audit services for financial records or accounts of the agency
- Giving away the state's money or property and the use of state money or property for private purposes
- Purchase of alcohol or alcoholic beverages for personal consumption or entertainment
- Purchase or mailing of Christmas cards
- Purchase, lease or maintain a live or artificial indoor plant unless the plant is used for educational or research purposes.
- Legal services from outside counsel without first receiving authorization and approval from the OAG
- Employee service and/or safety awards are limited to no more than \$100 per employee

The following restrictions apply to all university funds with the exception of private designated or gift funds and special contribution funds:

- Employee service and/or safety awards are limited to \$300 per award
- Purchase or mailing of Christmas cards

[Minor revision: June 28, 2019]

- Purchase of alcohol or alcoholic beverages for personal consumption or entertainment
- Seasonal decorating items
- Reimbursement of personal fees or fines assessed by university regulations
- Maintenance, repair, or monthly fees on personal equipment with incidental business use

The following restrictions apply to all university funds.

- Political Aid and Legislative Influence as defined in the General Appropriations Act
- Giving away of money or property for private purposes

Attachment: [Direct Payment Request](#)