



Angelo State University
Operating Policy and Procedure

OP 14.05: Expenditure Payment Policy

DATE: June 26, 2013

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 of odd-numbered years 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 request 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. Telephone Charges

All invoices for telephone rentals and long distance calls will be processed in the same manner as regular disbursements. Each department is responsible for all calls made from their departmental telephones. Any discrepancies should be reported to the local provider with a copy to the Accounts Payable Office.

All personal long distance telephone calls must be charged to a personal calling card or to a home number by asking the operator to charge the call to that number when placing the call. University telephones should not be used for personal long distance calls, but may be used if it is an emergency. The person making the call must reimburse the university for the amount of the call.

10. Advertisements

A copy of the advertisement in addition to the regular invoice is required documentation for payment of advertising for all events and functions. An affidavit from the publisher will be required if proof of the ad is not available.

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 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. Prohibited Use of Appropriated Funds

The State of Texas expressly forbids the university from using State Appropriated Funds for the following types of expenditures:

Support and maintenance of alumni organizations or activities.

Payment of salaries of any employee who uses alcoholic beverages while on active duty.

Purchase of aircraft.

Purchase of embossed or engraved printing and stationery, except for degrees or diplomas awarded by the university.

Rental payments or toll charges on telephones for which numbers are not listed or available from "information operators."

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 the payment of such judgment.

Premiums on insurance policies covering claims arising under the Texas Tort Claims Act.

Research of any type until the university has adopted and filed with the Legislative Budget Board a policy that clearly establishes and protects the property right of the State with regard to any patentable product, process, or idea that might result from such research.

Acquisition, construction, or operation of television transmitter stations.

Fees for outside legal counsel, unless the Attorney General has been requested to perform these services. If the Attorney General cannot provide such services, he will so certify to the university, which may then use appropriated funds to retain outside legal services.

Audit fees.

Entertainment expenses.

Decorative plants (including anything used to grow or maintain decorative plants).

Advance payments are not permitted with the exception of registration fees, subscriptions, and the purchase of library materials.

Memberships in the Chamber of Commerce.

Student membership fees in professional or educational organizations.

Contribution of money, goods, or services to a charitable organization.

Purchase and/or mailing of Christmas cards.

Employee service and/or safety awards are limited to \$50.00 per award.

In addition to the above restrictions, which relate specifically to State Appropriated Funds, the following apply to all university funds with exception of private gift funds:

Employee service and/or safety awards are limited to \$300.00 per award.

Alcoholic beverages included with meals or non-business related gifts and flowers.

Seasonal decorating items.

Reimbursement of personal fees or fines assessed by the university regulations.

Maintenance, repair, or monthly fees on personal equipment with incidental business use.

Political Aid and Legislative Influence as defined in Article IX of the Appropriation Bill are prohibited. This restriction shall apply to all university funds.

Attachment: [Direct Payment Request](#)