Angelo State University
Operating Policy and Procedure

OP 14.05: Expenditure Payment Policy

DATE: June 7, 2021

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

Before entering into a purchase agreement, a state agency is required to determine that it has the specific or implied authority to make a purchase for goods and/or services.

Specific statutory authority is clearly specified in the statute. Implied statutory authority will be determined by the purchasing agency, and the agency is required to 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

To be sure and pay vendors within the time limits specified in OP 14.05 section 3, vendors will need to submit an original invoice with each order directly to the Accounts Payable Office at: ASU Station #11034, San Angelo, TX 76909 or to accounts.payable@angelo.edu. If a department receives an invoice from the vendor, it needs to be sent immediately to the Accounts Payable Office via campus mail or delivered in person. If the department cannot send the original invoice to the Accounts Payable Office, then it can be uploaded into OnBase as long as the steps below are followed:

a. The department is required to notify Accounts Payable that an invoice has been uploaded into OnBase. It is recommended that this communication also reference the corresponding requisition number. This notification can be emailed to accounts.payable@angelo.edu or by phone to 325-942-2270. Important: If this information is not communicated, then Accounts Payable will not know that the vendor invoice is in OnBase, which may delay payment to the vendor.

b. Departments are required to retain all original documents according to the University’s Retention Schedule (OP 02.07).

c. Scans are required to be legible and can not appear to be altered in any way. Accounts Payable may still ask departments to send the original invoice depending on the circumstances.

Any invoices that are emailed to the department from the vendor will need to be forwarded in its entirety to accounts.payable@angelo.edu.

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 “Okay 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, invoice number and the amount of the invoice. 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. 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. 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 according to the procedures in OP 14.05 section 2.

If a department receives an invoice and does not forward it to Accounts Payable or notify Accounts Payable of it, the department may be subject to paying any interest that may be assessed.

4. **Direct Payment Requests (DPR’s) for Employee Reimbursement**

Reimbursements to employees will be processed through the Accounts Payable Office as a direct payment. The purpose of the DPR is to reimburse employees for goods purchased by an employee for university purposes; it is not intended to reimburse for professional services, travel related expenses, or IT related purchases such as hardware, software, eReaders, iPads, and applications.

If you are requesting a membership reimbursement, please refer to OP 14.05 section 12 for additional requirements.

Employees are defined as full-time, part-time, graduate assistants, and teaching assistants; this does not include students. A *Direct Payment Request* form (Attachment) is required to be completed and submitted, along with appropriate documentation, by the requesting department. The appropriate documentation includes an original itemized receipt or invoice with a description of the goods, the purpose of the purchase, a proof of payment and the name of the employee to be reimbursed. Requests for reimbursements to employees need to be submitted within 60 days from the date of expenditures. Original DPR forms, receipts and pertinent back up can be sent via inter-office mail to the Accounts Payable Office. When preparing the original back up to send, please avoid covering up the information written on the receipts, with highlighters or tape. Highlighters and tape can cause the print to fade on certain types of receipts. Accounts Payable can accept scanned and emailed documents as long as the steps below are followed.

a. Invoices and receipts are required to be legible and not duplicated on multiple DPR requests. If any invoices or receipts are not legible or appear to be altered in any way, Accounts Payable will deny the reimbursement request until the original invoice or receipt that is in question is sent to Accounts Payable via campus mail or delivered in person.

b. Departments or the employee should retain all original documents according to the University’s Retention Schedule (OP 02.07).

Direct Payment Requests have time limits in which they need to be submitted. All DPR’s should be done 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. The DPR should be submitted no later than 60 days after payment and receipt of goods.

Because of IRS regulations and the Safe Harbor rules, a DPR 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.

A DPR will not be processed if submitted later than 90 days after the date of receipt of the goods.
Requesting departments are required to complete and submit a purchase requisition for reimbursements for goods 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 need to be made with a procurement card, because it is not cost effective to process individual payments.

5. Direct Payment Requests (DPR’s) for Students and Student Athletes Medical Payments

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) is required to 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 needs to be attached to the DPR.

Requesting departments are required to complete and submit a purchase requisition 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.

6. 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, or one year if it is being paid with state funds.

7. Express and Freight Charges

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

8. 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, 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 are to 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

9. Advertisements

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

10. Job Advertising

The Office of Human Resources is responsible for approving all job advertising. Any job advertising prepared by a department requires 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.”

11. 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.

12. Memberships

Membership requests are to be approved by the appropriate vice president and need to 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.

13. Flowers

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

14. 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 is required to 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.

15. 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](https://fmx.cpa.texas.gov/fmx/purchase/disccalc/index.php) to help determine if significant cost savings exist.

*For library books, a pre-approval is required. All requests should be explained in writing and emailed to accounts.payable@angelo.edu

**For maintenance contracts, the university is required to 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. All services provided to the university are required to be paid from the fiscal year in which the services are rendered.

Note: Texas Education Code, Section 62.021 prohibits advance payments from HEF 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.

16. 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
- Purchase of alcohol or alcoholic beverages for personal consumption or entertainment
- Seasonal decorating items
- Reimbursement of personal fees or fines accessed 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