



TEXAS TECH UNIVERSITY™

Operating Policy and Procedure

**OP 62.26: Charging Departments for Goods and/or Services**

**DATE:** March 26, 2010

**PURPOSE:** The purpose of this Operating Policy/Procedure (OP) is to outline the procedures for charging departments for goods or services.

**REVIEW:** This OP will be reviewed in April of even-numbered years by the managing director of Financial Accounting and Reporting (MDFAR) with recommended revisions forwarded through administrative channels to the assistant vice president and controller (AVPC) and the chief operating officer and senior vice president for administration and finance (COO/SVPAF) by May 15.

**POLICY/PROCEDURE**

**1. Policies**

- a. Only those departments that have been approved as service or support activities under the provisions of OP 62.23 and OP 62.15 or otherwise approved by Financial Accounting and Reporting (FAR) may use an Intra-Institutional Voucher (IV) to charge other accounts for goods and services.
- b. All service or support activities must submit rates prior to billing as part of the approval process. The organizational financial manager is responsible for approving the rates annually and submitting any rate change requests to FAR for approval.
- c. All IV transactions must be processed and entered into the system as soon as possible after receipt of goods and services and must be received by FAR no later than 30 days from receipt. At fiscal year end, all IV transactions for the fiscal year must be entered no later than the business day prior to August close, as all activity must be billed in the same fiscal year that the services or supplies are provided.

**2. Procedures**

- a. Intra-Institutional Voucher Processing

There are two methods for data entry of IVs into the financial system.

- (1) Gateway Process

Departments with a large volume of data entry may be required to submit spreadsheet files through the gateway to upload IVs. The gateway is a Web application that facilitates the data entry of financial transactions through an upload process.

Clearing IV transactions that reject as a result of the financial system edits is the responsibility of the service department of support activity that enters or prepares the transaction. Cognos report FI041, "Gateway Suspended Document Detail," is available for use by the departments in reviewing suspended documents.

(2) Paper Process

Service activities not required to load IV transactions via the gateway should prepare the IV form accessed on the Web at <http://www.depts.ttu.edu/far/forms/>. The completed form should include backup documentation detailed in section 2.c.(1)(a)-(h) below and should be remitted to FAR. The form must be received by FAR within the 30-day period after the data entry deadline.

- (a) FAR will verify for approvals and required attachments, then route to the appropriate accountant within Sponsored Programs Accounting and Reporting (SPAR) or FAR, based on the funds used for compliance and budget availability before entry. IVs containing charges to state funds may be routed to Purchasing to ensure compliance with state purchasing policy.
- (b) Departments submitting IVs that are incorrect, incomplete, or suspended due to insufficient budget will be contacted by SPAR or FAR for resolution and returned to the originator if a resolution is not obtained within five business days.

b. Compliance with Related Service OPs and Financial Restrictions

- (1) It is the responsibility of the service department to bill against appropriate funding sources and to utilize appropriate account codes that properly reflect the expenditure and revenue activity. Questions concerning funding sources and proper account coding may be directed to FAR or SPAR, as appropriate.
- (2) It is the responsibility of the service department or support activity to ensure that charges for the services performed are at rates in compliance with OP 62.23.

c. Supporting Documentation

Each service department or support activity must maintain supporting documentation for all IV entries. This supporting documentation, which should include proper authorization in writing or through e-mail by the organizational financial manager or approver as defined on the TEAM application (see OP 62.03), will be used as justification and explanation for the charge(s) and to address any questions that may arise.

- (1) The supporting documentation must include the following:
  - (a) Name and FOAP of the service department
  - (b) Name and FOAP of the department to be charged
  - (c) Date of delivery of goods or services
  - (d) Unit cost of the goods or services provided by the service department, which must be no more or less than the unit cost approved in the rate determinations as prescribed in OP 62.15

- (e) Unit of measure of goods or services provided by the service department and received by the department
  - (f) Total quantity of goods or services received by the department
  - (g) Total charge to be made to the recipient department
  - (h) Documentation of approval of the goods or services by the recipient department. (Where it is impractical to provide for this approval on the supporting documentation, the service department must maintain, by an alternate method, documentation of approval by the recipient department.)
- (2) All internal or external inquiries on IV transactions will be forwarded to the appropriate service department or support activity for a timely and appropriate response.
  - (3) Copies of supporting documentation must be provided to the recipient department and retained as prescribed below.

d. File Retention

Each service department or support activity utilizing the gateway process must retain a copy of all IVs with supporting documentation attached for a period of not less than the current fiscal year plus three prior fiscal years. For service and support activities utilizing the paper process, the IV documentation is imaged into Banner Document Management Suite (Xtender) by FAR. The files shall be available for review and examination by the State Auditor, Office of Audit Services, and other external auditors or duly authorized individuals. The file copies of IV forms and supporting documentation will be surrendered to the requesting individual only after the service department or support activity has determined that the individual is authorized to review and examine such documents and, then, only upon written request of the authorized individual.

e. Cost Associated with Compliance with this OP

All costs including, but not limited to, personnel, data entry equipment, and other associated expenses and forms are the responsibility of the service department or support activity. The service department or support activity is required to recover such costs through rates billed for goods and services charged to the receiving department.