OPERATION POLICY AND PROCEDURE

OP 72.06 Direct Pay Expenditures

DATE: February 21, 2014

PURPOSE: The purpose of the Operating Policy and Procedure (OP) is to provide specific guidance for direct pay expenditures. It is further intended to ensure allowable, adequately documented expenditures as set forth in the Internal Revenue Code and the rules and regulations of the Internal Revenue Service, the state of Texas, Texas Tech University (TTU), and the Board of Regents.

REVIEW: This OP will be reviewed in November of odd-numbered years by the managing director of Procurement Services with substantive revisions forwarded to the vice president for administration and finance and chief financial officer.

POLICY/PROCEDURE

1. Compliance
   
   All officers and employees of TTU should be familiar with this OP. Compliance with this OP should be verified prior to the submission of a payment. The individuals requesting and approving direct pay expenditure are certifying both the validity of the expense and compliance with pertinent TTU OPs.

2. Direct Payment (DP)

   The DP is only allowed for payments that do not require a purchase order and that are defined within this OP.

   a. Before submitting a DP, the department should verify that the transmittal has the required documentation. The DP cannot be processed and will be returned to the department without the following:

      (1) Any receipts or invoices for payment

      (2) Any forms related to that specific transaction type

      (3) Description – This should be a brief but definitive description of the expenditure. The first thirty characters will be printed on the skirt of the check. The section must be completed by the preparing department and should include the information the vendor will need to apply the payment correctly in addition to any special check handling instructions.

      (4) Attachments—any other documentation to support the expenditure
b. DPs that are to be paid on sponsored projects must be in compliance with the sponsored project. Any questions on allowability should be directed to the appropriate grant accountant in the Office of Sponsored Programs Accounting and Reporting.

c. Some vendors may have been placed on a Texas Payee Information System (TPIS) hold list. The Direct Pay office cannot process DPs to vendors on hold with the state of Texas. In addition, any payment on federal funds (FOPs starting with 21) and that are greater than $25,000 cannot be made if that vendor is on the Excluded Parties List System. The vendor will be responsible for getting these holds removed before payment can be made.

3. Payments for Goods and Services

The state prompt pay law requires payment for all goods and/or services within 30 days from the date the goods or services were received or the date on which the invoice was received, whichever is later. The state law further requires an interest expense set annually by the Texas Comptroller of Public Accounts of the unpaid balance to be paid at the time the principal is paid if the payment is not made within the 30-day period.

4. Payment allowed by Direct Payment (DP)

   a. Athletic game revenue sharing
   b. Book buybacks
   c. Investment fees
   d. Participant payments
   e. Patient/research participant payments
   f. Reimbursements to petty cash
   g. Royalties
   h. Special event/game officials
   i. Student refunds
   j. Utilities