OP 72.06  Direct Pay Expenditures

DATE:  February 13, 2018

PURPOSE:  The purpose of the Operating Policy/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 Chief Procurement Officer with substantive revisions forwarded to the Vice President for Administration & Finance and Chief Financial Officer.

POLICY/PROCEDURE

1. Compliance

   Compliance with this OP should be verified prior to the submission of a direct payment. The individuals requesting and approving direct pay expenditure are certifying both the validity of the expense and compliance with pertinent TTU OPs, including OPs relating to any potential conflict of interest.

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 must verify that the DP has the required supporting 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 required for the specific transaction type;

      (3) Description and business purpose – 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 field on the form must be completed by the preparing department and should include the information the vendor will need to apply the payment; and

      (4) Attachments – any other documentation to support the expenditure. Supporting documentation should be attached to the DP requisition as an internal attachment.
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 accountant in the Office of Accounting Services.

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

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. Any invoice dated more than 30 days prior will be reviewed to determine if additional interest payment is required. If interest is due, it will be charged to the submitting department.

4. Payment allowed by Direct Payment (DP)

Only the following payment types are permitted to be made by DP:

a. Citibank payments for group travel cards
b. Interlibrary loan fees
c. Investment fees
d. Research participant payments
e. Reimbursements to petty cash
f. Royalties
g. Payments made to officials for special events and games
h. Student athlete medical payments
i. Student refunds
j. University deposits
k. Utilities
l. Research participants

For questions about the applicability of this policy, please email payment.services@ttu.edu.