PURCHASING ACCOUNTING GUIDELINES

It is imperative that end users become familiar with Banner Accounting in order to enter and process requisitions in the TechBuy system.

The TechBuy system conducts a budget check at the initial submittal of a requisition. Funds are not encumbered at that time. After the requisition workflows are completed, a Purchase Order is created. A second budget check is done at that time and the funds are encumbered. (Exceptions: ghost card transactions, pcard transactions, and blanket orders)

In addition to budget checking on the FOP or FOAP elements, there is a security element based upon the organization code. Each user must have permission on each organization code that they use. The Financial Manager must go to team.texastech.edu and grant permission (different roles can be granted) for each org code that is used. That org code is stored in Banner so the security is checked there. If Requestor or Approver role is granted, the security is also stored in TechBuy in a workflow that will drive the approval process to those individuals. Users can also access the Team application (team.texastech.edu) to review their permissions and determine if they need additional permission before they submit transactions. Additional information is available on the AFISM website.

For more information see Adding/Removing Shoppers, Requestors & Approvers in the System

IMPORTANT ACCOUNTING TIPS:

1. Certain funds are budgeted by the budget pool. When that is true, departments will have to make sure sufficient budget is set up in the budget pool. For example, if you are using state funds and purchasing consumables (7C0 budget pool), you will need to make sure you have funds budgeted in that pool for at least the amount of the transaction.

2. Failure to have sufficient budget pool set up will result in your requisition being rejected by TechBuy and Banner when it is a FOAP-based fund.

3. For all funds, you must have sufficient fund balance to cover the expenditure. We recommend that you check the BAVL table in Cognos to verify your fund balance.

ACCOUNT CODE GUIDELINES:

Departments should be knowledgeable about the account code portion of the FOAP. The account code helps track the types of expenditures the University is making. This
provides a valuable tool for reports. Below are definitions that help explain the account codes and terminology relating to account coding.

**DEFINITIONS:**

*Capitalized Assets* are capital assets that have a value equal to or greater than the capitalization threshold established for that asset type. Capitalized assets are reported in an agency’s annual financial report.

Standard capitalization thresholds for capitalizing assets have been established for each major class of assets. All state entities are required to use these thresholds.

<table>
<thead>
<tr>
<th>Class of Asset</th>
<th>Threshold</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land/land improvements</td>
<td>Capitalize All</td>
</tr>
<tr>
<td>Buildings/building improvements</td>
<td>$100,000</td>
</tr>
<tr>
<td>Facilities and other improvements</td>
<td>$100,000</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>$500,000</td>
</tr>
<tr>
<td>Personal property</td>
<td>$5,000</td>
</tr>
<tr>
<td>Library books/materials (collections)</td>
<td>Capitalize All*</td>
</tr>
<tr>
<td>Works of art/historical treasures</td>
<td>Capitalize All</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>$100,000</td>
</tr>
</tbody>
</table>

* See Capital Asset Categories, Other Capital Assets in this chapter for more information.

**Consultant** The practice of studying or advising an existing or a proposed operation or project of TTU under a contract that does not involve the traditional relationship of employer and employee.

**Consumable** means a good that perishes with use and that, under usual circumstances, will be entirely used during the fiscal year in which it is purchased. For example, postage and paper are consumables.

**Controlled Asset** are assets that have a value between $500 and $4,999 for that asset type. Hand guns and rifles are controlled at any dollar amount. Controlled assets include stereo systems, cameras, video recorders, desktop CPU’s, printers, projectors, and portable CPU’s.

**Goods** A tangible commodity that is purchased. Can be a consumable or non-consumable.
**Non-Consumable** is a good with a lifespan greater than a year. For example, a stapler is a non-consumable (but the staples would be consumable).

**Professional Service** A service purchase from a vendor who is a licensed Accountant, Architect, Engineer, Interior Designer, Nurse, Doctor, Landscape Architect. It may also include some other fields where a degree AND a certification are required.

**Service** An act or a variety of work done for others, especially for pay. Most services should be reported on IRS form 1099 annually.

A list of current account codes and the definitions of the code to assist in coding can be downloaded on the “Training and Work Aids” tab of the Purchasing website. It is listed under the Requisition/Purchase Order Accounting Guides heading and is entitled “Account Code Descriptions.”

**EXPENDITURES ALLOWED:**

The University has various types of funding. Fund types include appropriated funds from the State, Federal Funds, Grants, Foundation, and other University funds.

Each type of fund will have expenditures which are allowed and/or prohibited. AFISM has a spreadsheet entitled “Guidelines of Fund Group, Category and Class” which details the funds, general description, transfers, revenue, expenses allowed and not allowed, budget procedure and available budget checking. The spreadsheet can be downloaded on the AFISM site for Crosswalks & Codecharts.

In addition, Procurement Services has developed a spreadsheet which details allowable and non-allowable expenditures based on fund type. This list is available on the Purchasing website, on the Training and Work Aids tab, under the heading for Requisition/Purchase Order Accounting Guidelines.

The Office of Research Accounting has additional information available on the use of grant and contract funds available on their website.