



TEXAS TECH™

Operating Policy and Procedure

OP 72.11: Payment of Purchase Orders

DATE: October 25, 2024

PURPOSE: The purpose of this Operating Policy/Procedure (OP) is to establish procedures to be followed regarding payment of purchase orders and other vendor invoices.

REVIEW: This OP will be reviewed every two years after publication by the Assistant Vice President and Chief Procurement Officer with substantive revisions forwarded to the Senior Vice President for Administration & Finance and Chief Financial Officer.

POLICY/PROCEDURE

1. Overview

Payments of purchase orders must always comply with federal and state laws. Payments will not be made in the absence of a purchase order. (The other method of paying a vendor is by Pcard.) In the event of a conflict between this policy and any federal or state law, the stricter of the conflicting policies will prevail.

2. Definitions

Goods: Supplies, materials, or equipment as defined in [Texas Government Code § 2155.001](#). Goods do not include services or real property.

Invoice: An itemized bill for goods, equipment, or services delivered or performed by a vendor.

Purchase Order: A legal document (contract) issued to a vendor or contractor that formalizes the terms and conditions of any purchase of goods or services.

Receipt: A written acknowledgment by the TTU department of having received or taken into possession any goods or services ordered from a vendor.

Service(s): The furnishing of labor, time, and effort by a vendor, contractor, or auxiliary enterprise, including a construction project, which may involve, to a lesser degree, the delivery or supply of goods or equipment.

Vendor: An individual, business, or governmental entity that has a contract or purchase order to provide goods, equipment, or services to Texas Tech. May also be referred to as a contractor.

3. Payment of Vendor Invoices

a. Vendor Responsibilities

- (1) Successful shipment of goods or equipment or the completion of services.
- (2) Initiate the payment of an invoice against a purchase order. The vendor or TTU department must send the invoice directly to Payment Strategies. This shall be submitted electronically by CXML through TechBuy, the vendor portal in TechBuy, or email to payment.strategies@ttu.edu.
- (3) The vendor shall ensure that the 8-digit, valid purchase order number is identified accurately on all invoices.
- (4) The vendor shall include only one purchase order number per invoice.

b. TTU Requesting/Ordering Department Responsibilities

- (1) Create a purchase order **prior** to receiving the goods, equipment, or services in compliance with [OP 72.09, Procurement of Goods and Services](#).
- (2) Verify in a timely manner that the goods, equipment, or services received are the correct items that were ordered and are compliant with the specifications, scope of work, or purchase order.
- (3) Create a receipt in TechBuy on all purchase orders greater than \$10,000 or any purchase order created on appropriated or sponsored project funds (funds 11, 12, 13, 14, 21, 22, or 23). The TTU department must notify Payment Strategies if payment should be withheld for lack of conformance with the purchase order, contract requirements, scope of work, or specifications. The receipt date must be the date the goods, equipment, or services were delivered, performed, or accepted, not the date that the receipt was entered.
- (4) Review invoices upon email notification from the TechBuy System. Although receipts are not required for all invoices, departments are encouraged to enter a receipt for all purchase orders. It is the department's responsibility to review all invoices and notify Payment Strategies of any discrepancies. Procurement Services can assist in mediation efforts for TTU contracted vendors. Please contact strategic.acquisitions@ttu.edu.
- (5) If the vendor submits an invoice directly to the department, the department shall promptly send the invoice to Payment Strategies by scanning and attaching to the receipt in TechBuy. Failure to upload invoices in a timely manner will result in the department being liable for late payment interest in accordance with Texas law.
- (6) Notify Payment Strategies by email if an invoice was approved in error by the department by adding a comment in TechBuy or notifying Payment Strategies support at payment.strategies@ttu.edu. Texas Tech has a limited ability to reverse a payment made in error.

c. **Payment Strategies Responsibilities**

- (1) Make timely payments on valid invoices in accordance with the terms of the purchase order or the contract. Payments cannot be made from documents such as sales orders, packing slips, etc.
- (2) Ensure that the invoice, purchase order, and when required, the receipt match in price, description, and quantity within tolerance limits (the lesser of 10 percent or \$200, unless Payment Strategies Section Manager or the Procurement Services Managing Director exception is noted).

4. Three-Way Matching

- a. TTU requires a three-way matching process for purchase order payments greater than \$10,000. Departments are encouraged to enter a receipt for all purchase orders.
- b. TTU requires a three-way matching process regardless of dollar amount on all purchase orders using the following funds: 11, 12, 13, 14, 21, 22, and 23.
- c. The payment process requires a purchase order, a receipt in TechBuy (in accordance with a and b above), and an invoice to be uploaded to the purchase order in TechBuy.

5. Payment Terms

In accordance with Texas law, invoices shall be paid no later than 30 days after the latest of the following: the date the TTU department receives the goods or equipment, the date the vendor completed performing the services or partially completed the services if milestone payments are required, or the date TTU receives a correct invoice for the goods or services.

For regular and recurring payments (such as rent payments), Payment Strategies can set up an automated payment. The requesting department shall flag the recurring payment box on the TechBuy requisition.

Any payment made after the 30th day shall pay the applicable interest as required by [Texas Government Code 2251](#).

The payment interest terms do not apply if the invoice is not mailed or sent electronically to TTU in compliance with the instructions on the purchase order.

No interest accrues if the total amount of interest that would otherwise have accrued is equal to or less than \$5 and the payment is made from institutional funds, as defined in [Texas Education Code § 61.003](#).

6. Prepayment and Advance Payments

Per Texas Comptroller of Public Accounts (“Comptroller”) guidelines, advance payments are allowed on appropriated funds under the following types of purchases:

- Library books and library published materials
- Databases and other published materials necessary for the efficient operation of the institution’s library

- Disaster purchases
- Payments to federal or state agencies
- Lease costs and leased space
- Maintenance contracts
- Purchase of real property
- Registration fees
- Rent
- Subscriptions

TTU may make advance payments for additional reasons if cost savings will be realized or if it is in TTU's best interest to do so to serve the public purpose as documented by the Payment Strategies office. TTU may also make an advance payment to expedite delivery or for specialized goods or services that require a deposit.

[Texas Education Code § 62.021](#) prohibits the use of HEF funds (funds starting with 13) to pay for goods, equipment, or services before the delivery of the goods, equipment, or services except for the acquisition of library materials.

7. Early Payment Discounts

Cash discounts are acceptable and will be taken if they are earned by TTU for prompt payment discounts. Examples include a 2%/10, which indicates a 2 percent discount if paid within 10 days of an invoice date. The department is responsible for providing the invoice to Payment Strategies in a timely manner.

8. Tax Exemptions

TTU is exempt from Texas state sales tax and Texas local sales tax. TTU is not subject to sales taxes of other states if the goods or equipment are purchased in the other state and shipped to a Texas location ([Texas Tax Code Chapter 151](#)). The requesting department is responsible for providing the vendor with the sales tax exemption form, see <https://www.depts.ttu.edu/procurement/resources/TaxExemption/TaxExemption.php>.

9. Standing with the State of Texas

Vendors must be in good standing with the State of Texas. The Comptroller may place a vendor on hold for failure to pay taxes, student loans, child support, or other debt to the State. Purchase orders will not be issued, and payments will not be made to a vendor who is not in good standing with the State. Departments may [verify the vendor's status](#).

10. Payments to Foreign Nationals or Foreign Businesses

Payments to foreign nationals or foreign businesses will be verified against the Office of Foreign Asset Control (OFAC) *Specially Designated National List*. Payments will not be made to any vendor on this list.

11. Payments on Appropriated Funds

The payment of invoices for purchases on appropriated funds is processed through USAS, a computerized accounting system for the State of Texas. Payments utilizing appropriated funds

will be issued directly by the State of Texas for the portion of the appropriated funds (funds starting with 11, 12, 13, or 14). If there is a combination of funds that are both appropriated and non-appropriated, the vendor will be issued more than one check for each portion, one from TTU and one from the State of Texas. If the state appropriation portion of the payment is greater than \$5,000, the payment will be scheduled out 25 days, in accordance with Texas Comptroller policy.

12. E-Invoicing

Many vendors in TechBuy are set up as e-invoicing vendors where an electronic invoice is submitted by the vendor into the TechBuy system. Payment is automatically scheduled in accordance with the vendor's selected payment method after the receipt of the invoice in the system and is automatically made to the vendor unless it requires receiving. A receipt created by the department will be required to finalize the payment. If an automated payment is made to a vendor for non-compliant goods, equipment, or services, the department shall immediately notify Payment Strategies.

13. Wire Transfer Payments

In addition to all other invoice processing requirements, wire transfer requests must include complete instructions for the vendor's bank. Any bank wire charges will be passed on to the department. The department shall note the currency type on the invoice. Wire payments are typically limited to foreign payees. Please contact payment.strategies@ttu.edu for information.

14. Credit Memos

Credit memos issued from the vendor will be entered against the purchase order. The credit will be processed on the next payment to the vendor unless otherwise agreed by the parties. Departments are not permitted to retain credit memos to apply to future purchases of goods, equipment, or services or apply to other invoices to the same vendor.

15. Fiscal Year-End Payments on Appropriated Funds

The fiscal year starts on September 1 and ends on August 31 annually. For consumables, TTU must charge the expense to the appropriation year in which the delivery occurred and when the consumable supplies are reasonably expected to be consumed. For services, TTU must expense the services to the appropriation year in which the services were rendered. Procurement Services may limit the acquisition of some goods or services toward the end of the fiscal year in accordance with the Texas Comptroller's guidelines.

16. Check Distribution

It is the policy of TTU to (1) set up each vendor as an automated payment recipient (ACH or single use card); or (2) if exception is granted per this OP and a vendor cannot be set up for electronic payment, then the check will be mailed to the address shown on the vendor invoice. Vendors may not pick up checks from the university. Procurement Services outsources the vendor check processing to its depository bank.