

Texas A&M University-San Antonio

21.01.03.O0.01 Disbursement of Funds

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Procedure Statement

This establishes the Procedures that Texas A&M University-San Antonio (A&M-San Antonio) will follow regarding disbursement of funds.

Reason for Procedure

This Procedure is required to ensure understanding of the requirements related to disbursement of funds.

Official Procedure

1. GENERAL

- 1.1 The accounting department must keep a record of all funds disbursed. These records must identify the payee and the purpose of the payment.
- 1.2 Every disbursement, except those representing withdrawals of personal funds held for students or others must be based on the annual operating budget or specific appropriations or authorizations by the A&M-San Antonio. A disbursement may be made only when it is certified as a valid claim and is approved for payment by authorized personnel.
- 1.3 The accounting department will make prompt and timely payment of a vendor's invoice for goods and services delivered and accepted. The payment for goods and services delivered and accepted will be processed in accordance with the Prompt Payment Act of the State of Texas, which requires payment to a vendor within thirty (30) calendar days. The accounting department will expedite payment of a vendor's invoice offering a cash discount for prompt payment when necessary to earn a discount.
- 1.4 To be in compliance with Internal Revenue Service (IRS) regulations, the accounting department will require all companies and individuals who are not employees or

students to have a W-9 Form on file prior to payment.

- 1.5 Disbursements to nonresident aliens require special treatment. An entirely different set of tax rules and regulations for individuals and other entities deemed to be "nonresident aliens" exists under Internal Revenue Code (code) Section 1441. In general, all income paid by the University to a foreign visitor, or to a third party on behalf of the visitor, is taxable unless the income is (i) exempt from tax under the provisions of a tax treaty between the U.S. and the person's country of residence (IRS Publication 901), (ii) exempt from tax under a code provision, or (iii) is "foreign source" income (IRS Revenue Ruling 89-67 states that the source of scholarship/fellowship payments is the residence of the payor).

2. DISBURSEMENTS DUE TO PERSONS INDEBTED TO THE STATE

- 2.1 A&M-San Antonio is prohibited by Texas statute from making payment (excluding wages) to a person who is in default on a loan from the Texas Guaranteed Student Loan Corporation. It is also prohibited from making payment (excluding wages) to any person or firm that is indebted or owes delinquent taxes to the state until the debt or taxes are paid. The State Comptroller may not reimburse a state agency or institution of higher education for a payment made in violation of this statute.
- 2.2 Upon specific notification by the State Comptroller, payments from state or institutional funds may not be released to an employee or vendor indebted to the state.

3. CERTIFICATION OF CLAIMS

- 3.1 The authorized approving authority must certify that the goods and services delivered correspond with those ordered and that the vendor's invoice is correct.
- 3.2 The vendor's invoice must be attached to and made a part of the payment document.
- 3.3 The validity of a claim must also be certified on travel, payroll, and construction vouchers. All personnel making certifications on payment documents will be held accountable for any loss sustained by the state because of false certification.
- 3.4 Authorized approving authorities, as well as departmental personnel assigned by the authorized approving authority to prepare payment documents will attend disbursement training seminars conducted by the various fiscal offices within A&M-San Antonio. Training must be based on the *Guidelines for Disbursement of Funds* prepared by System Office of Budgets and Accounting (SOBA). The Associate VP for Financial Services and Controller will ensure that every individual involved in the disbursement process has received the necessary training and that the University maintains a record of the training. The University will provide refresher training to authorized preparers and

approvers periodically.

- 3.5 Financial Services personnel will provide continuing education on an annual basis for all key fiscal personnel. Such training may consist of updates to the *Guidelines for Disbursement of Funds* training, as provided by SOBA, and/or training in other fiscal office or accounting responsibilities.

4. REVIEW OF CLAIMS AND APPROVAL OF DISBURSEMENTS

- 4.1 The person with the appropriate written delegation of authority will authorize/approve the expenditure of assigned University funds. Financial Services personnel will approve the disbursements of funds by way of check, wire transfer, electronic transfer of funds, cash payment, or other appropriate payment method.
- 4.2 All payment vouchers must be reviewed and approved by Financial Services personnel prior to final disbursement.
- 4.3 Only board-approved personnel may prepare and sign local checks or electronic funds transfers. The VP for Business Affairs/CFO or designee is responsible for the development, completion, execution and maintenance of signature forms which identify this authority, as well as the fulfillment of the training requirement in Section 3.4. Completed signature forms are to be submitted to the bank through the System Office of the Treasurer.
- 4.4 State Warrants or Electronic Funds Transfers:
 - 4.4.1 The Texas Education Code requires that final approval of a disbursement to be made by state warrant or electronic funds transfer drawn on the state treasury be based on a payment document approved by an employee who has been designated approval authority by the President on State Comptroller-prescribed signature cards. The President is required to make such approval and designation in writing to the State Comptroller.
 - 4.4.2 A written notification of signature revocation will be submitted directly to the State Comptroller's Office by the President no later than ten (10) days after the effective date of the revocation.
- 4.5 Local Checks, Electronic Funds Transfers, and Wire Transfers
 - 4.5.1 The Associate VP for Financial Services and Controller will establish procedures designed to ensure the issuance of accurate and lawful local checks and electronic funds transfers, as well as the early detection of altered or fraudulent local checks.

4.5.2 Procedures include, but are not limited to, the following:

4.5.2.1 Only board-approved personnel may prepare and sign local checks or electronic funds transfers. The Associate VP for Financial Services and Controller is responsible for the development, completion, execution and maintenance of signature forms which identify this authority, as well as the fulfillment of the training requirement in Section 3.4. Completed signature forms are to be submitted to the bank through the System Office of the Treasurer.

4.5.2.2 The University's check printer will be located in a secure room with access only by authorized personnel. The MICR encoding engagement key will be maintained in a separate lock box with access only by authorized personnel. The check printer will be further secured through a Secure 32 system requiring a user ID and password.

4.5.2.3 Financial Services personnel perform a correlation of checks and pending electronic funds transfers with payment documents prior to release of checks or electronic funds transfers to payees;

4.5.2.4 Financial Services personnel will perform a timely reconciliation of checks and electronic funds transfers paid or processed by banks with those issued; and

4.5.2.5 Undelivered checks are stored in a locked and secure location until distribution. Checks requiring voids are voided in a reasonable amount of time, usually within one week of determination of the need for a void.

5. VOUCHER FORMS

5.1 The Associate Controller or designee is responsible for ensuring that payment documents are prepared in accordance with State Comptroller requirements, where applicable.

6. INVOICING RESPONSIBILITIES

6.1 Invoices must be mailed by the vendor to the address indicated on the University's purchase order, contract or other A&M-San Antonio documents provided to the vendor.

6.2 Invoices must include the following information. (Vendor information is primarily submitted through a Vendor's Direct Deposit Authorization Form and a W-9 Form.)

- 6.2.1 Vendor's mailing (remit to) address for payment,
 - 6.2.2 Vendor's mailing address for correspondence,
 - 6.2.3 Vendor's phone number, fax number and/or email address of representative who can answer questions regarding the invoice,
 - 6.2.4 University's PO, contract or other document number,
 - 6.2.5 Name and mailing (ship to) address of the University department that received the goods or services, as indicated on the PO or contract,
 - 6.2.6 Vendor's federal employer identification number or social security number of taxpayer, and
 - 6.2.7 Description of the goods delivered or services rendered in sufficient detail to identify them as the same goods/services in the PO or contract.
- 6.3 Invoices should not include the following:
- 6.3.1 Payment terms that are different than those specified in the PO or contract,
 - 6.3.2 Goods that have not been delivered to the University or services that have not been completed, unless the PO or contract contains a provision for advanced payment,
 - 6.3.3 Unit prices or quantities or total price or quantity that exceeds those indicated in the PO or contract,
 - 6.3.4 Charges for goods, services or shipping that were not included on the PO or contract,
 - 6.3.5 Taxes or fees from which the University is exempt as a non-profit, Texas institution of higher education, and
 - 6.3.6 Charges for late payment interest. Vendors must request in writing the payment of interest believed to be owed to them but not yet paid by the University at the time of a suspected late payment.

7. INVOICE HANDLING RESPONSIBILITIES

- 7.1 Invoices must be mailed by the vendor to Accounts Payable of the University's accounting department. If the invoices do not comply with Section 6-Invoicing Responsibilities, they will be returned to the purchasing department with an Inter-Office

Routing Slip for paperwork, routing or receiving completion.

- 7.2 The date an invoice is received by A&M-San Antonio will be stamped or otherwise noted on the invoice. This date is considered the invoice receipt date. If more than one stamped or written date appears on the invoice, the earliest date will be considered the invoice receipt date.
- 7.3 Invoices that meet Section 6-Invoicing Responsibilities will be processed for payment before the payment due date.

8. DELIVERY OF GOODS AND SERVICES RESPONSIBILITIES

- 8.1 The goods receipt date must be documented by Mail and Receiving or respective department receiving the good or service. Mail and Receiving or the respective department receiving the good or service will use the purchase receiving FAMIS screens to document receipt of goods.
- 8.2 If the PO or contract allows additional time for inspection, the goods receipt date will be the date that the inspection period ends or the date that the department determines the order is correct and complete, whichever comes first. Otherwise, the goods receipt date will be the date goods are actually received or services are actually completed.
- 8.3 All items received that do not meet the requirements of the PO or contract must be immediately returned to the vendor with appropriate documentation of the return. All related conversations with the vendor must be documented and maintained with the voucher. Most returns will take place at the respective purchasing department level.

9. PAYMENT SCHEDULING RESPONSIBILITIES

- 9.1 Unless otherwise indicated in the PO or contract, payment is due within 30 days after the later of:
 - 9.1.1 The date a correct invoice is received in accordance with Section 6-Invoicing Responsibilities;
 - 9.1.2 The date goods are received in accordance with the PO or contract; or
 - 9.1.3 The date services are completed in accordance with the PO or contract.
- 9.2 Payments are scheduled on or just prior to the payment due date, except in the following circumstances:
 - 9.2.1 A price discount for early payment is offered by the vendor. A copy of the

invoice or other documentation of discount offered must be attached to the voucher.

- 9.2.2 Early payment is required by the terms of the nature of the PO, contract or other agreement with the vendor. An example of a transaction that requires early payment by the nature of the expense includes registration, membership, subscription, and lease payments, which must be paid before the event or period of service ends. An invoice alone requesting early payment does not obligate or authorize A&M-San Antonio to make a payment before the payment due date. A copy of the contract or other agreement that indicates early payment is required and must be attached to the invoice.
- 9.2.3 A payment to an A&M-San Antonio student or a student-led organization (auxiliary accounts).
- 9.2.4 A payment to an A&M-San Antonio employee. However, payment is subject to Section 13-Reimbursement Deadline.
- 9.2.5 A transaction or transfer between A&M-San Antonio departments, service centers or components.
- 9.2.6 An early payment that is necessary to avoid interruption of the normal operations of A&M-San Antonio (e.g., utilities, telephone, etc.).
- 9.2.7 A payment to a local, state or federal agency that must be paid early by law or to avoid penalty for paying beyond the agency's due date (e.g., Internal Revenue Service, State Comptroller's Office, State Attorney General's Office, etc).
- 9.2.8 A payment that does not involve goods or services as defined by Texas Government Code and is not subject to payment scheduling (e.g., refunds, stipends, etc.).
- 9.2.9 Early payment to avoid vendor hardship (e.g., vendor cannot pay its employees if A&M-San Antonio does not pay immediately) or to maintain a favorable business relationship with the vendor.
- 9.2.10 Payment on agency funds.
- 9.2.11 Payments made from institutional funds.

10. INTEREST PAYMENT RESPONSIBILITIES

- 10.1 Payments made past the payment due date generate automatic interest charges at 1 percent per month, prorated. Interest stops accruing on the date the payment is mailed or

sent via electronic funds transfer to the vendor. If the interest calculated is \$5.00 or less and local funds are used, interest will not be paid.

- 10.2 Interest will be charged to the source account of the original purchase.
- 10.3 Interest refunded to A&M-San Antonio by a vendor will be deposited into the same departmental account that incurred the expense.
- 10.4 All payments for goods or services made past the payment due date are subject to late payment interest unless indicated as exempt. The following transactions are exempt from late payment interest:
 - 10.4.1 Payments to A&M-San Antonio employees.
 - 10.4.2 Payments to A&M-San Antonio students.
 - 10.4.3 Transfers or transactions between A&M-San Antonio departments, service departments or System components.
 - 10.4.4 Payments to other State of Texas agencies and institutions of higher education.
 - 10.4.5 Transactions involving a bona fide dispute between A&M-San Antonio and a vendor, contractor, subcontractor or supplier about the invoice or the goods delivered or services performed that causes the payment to be late. Also, a bona fide dispute between a vendor and a subcontractor or its supplier about the goods delivered or services performed that causes the payment to be late. The vendor must have been notified of the dispute within 21 days of invoice receipt or delivery.
 - 10.4.6 When the terms of the federal contract, grant, regulation or statute prevent A&M-San Antonio from making a timely payment with federal funds.
 - 10.4.7 The invoice is not mailed to the correct address in strict accordance with instructions on the PO, contract or other document provided by the University.
 - 10.4.8 Late payments due to an incorrect or incomplete invoice that is properly returned to the vendor for correction but is not corrected and re-submitted to the University.
 - 10.4.9 Payment to vendors who are “on hold” with the State Comptroller’s Office at the time a warrant is printed (automated in USAS).
 - 10.4.10 Payments for consulting services, professional services and electric utility service. These transactions are specifically excluded from the definition of “services” (subject to prompt payment) in the Texas Government Code,

Section 2155.001.

10.4.11 State payments that generate less than .005 in interest (automated in USAS) and local payments that generate \$5.00 or less in interest (automated in FAMIS).

10.4.12 When an invoice is not provided by the vendor to the University.

11. INVOICE RECEIVING RESPONSIBILITIES

11.1 The goods receipt date must be entered on the receiving screens in FAMIS.

11.2 Receiving must be entered by the receiving department no later than 10 business days after the goods receipt date. A separate receiving should be entered for each shipment received since each shipment will have its own goods receipt date and a 30-day payment cycle. However, if the PO indicates that partial shipments are not permitted, the goods receipt date will be the date that final shipment is received.

11.3 The invoice receipt date must be stamped or otherwise indicated on the face of the invoice. If the invoice receipt date is not documented on the invoice, the invoice date will be used as the invoice receipt date.

11.4 Invoices received in the departments must be submitted to Accounts Payable no later than 10 business days before the payment due date.

12. GENERAL TRAVEL GUIDELINES

12.1 A&M-San Antonio is committed to conserving public funds and maintaining accountability in regards to employee travel. All travel for which expenses are incurred or reimbursed must be official state business and must be directly related to the legal responsibilities of the University.

12.2 A&M-San Antonio will comply with and train employees regarding applicable federal and state laws, the General Appropriations Act, rules and procedures established by the State Comptroller as detailed in Textravel Policies and Procedures and system policies and regulations established herein.

12.3 A&M-San Antonio will participate in the state travel services contracts for airfare, rental cars, lodging and charge card services when purchased with general revenue funds or other educational and general funds.

12.4 A&M-San Antonio employees will be held responsible for complying with applicable

travel regulations and procedures in seeking reimbursement for travel. An employee must not seek reimbursement for expenses that the employee knows are not reimbursable.

- 12.5 University employees must comply with A&M-San Antonio Procedure [21.99.99.00.01 Travel Procedure](#).

13. REIMBURSEMENT DEADLINE

- 13.1 All approved employee reimbursements, which includes approved pre-employment relocation costs, are subject to a 90 day limitation. Requests for non-travel reimbursements shall be submitted via a business expense form to Accounts Payable. The form must be completed, approved and received within 90 days of the purchase date. Any requests for reimbursement submitted 90 days after the date of an eligible university purchase will not be reimbursed. See [21.99.99.00.01 Travel Procedures](#) for more details about travel reimbursements.

Related Statutes, Policies, or Requirements

System Regulation [21.01.03 Disbursement of Funds](#)

Forms

[Business Expense Form](#)

[Interdepartmental Transfer Form](#)

[W-9 Form](#)

Definitions

Bona Fide Dispute – Difference of opinion held in good faith between a vendor and the University.

Business Expense Form – This form is used in absence of an invoice or to expedite payment to a vendor. This form is also used to reimburse employees, prospective employees, and students for non-travel expenses. The form is also used to reimburse individuals from student organizations.

Disputed Payment – Includes, but is not limited to, an invoice presented for payment (1) which is not in compliance with Section 6- Invoicing Responsibilities in this document, (2) which is for non- conforming goods and Services under the related purchase order (PO) or contract, or (3) which is not presented in the time frame authorized by the related PO or contract.

Distribution Date – The date that a payment is mailed (postmarked) or sent via electronic funds transfer to a vendor.

FAMIS – The financial accounting management information system, which the University uses to create state and local fund vouchers and POs. All local fund payments are processed through FAMIS.

Goods Receipt Date – The date goods are received or services are completed.

Inter-Office Routing Slip – This inter-office form is used by the accounting department when invoices are missing information (receiving not completed, missing PO and/or limited purchase order numbers, etc.) and cannot be processed until the paperwork and all required approvals are complete.

Invoice – A document presented by a vendor for payment, which includes information necessary for payment processing, as described by this document.

Late Payment – A payment that is distributed to a vendor after the payment due date.

Payment Due Date – The calculated due date based on the payment terms for the vendor/payee and certain dates entered in the voucher. For vendors with terms of net 30, 30 calendar days after the later of (1) the date an invoice is received (invoice receipt date), (2) the date goods are received (goods receipt date), or (3) the date services are completed (goods receipt date). An invoice must meet the standards defined by this document and the PO or contract to be considered “received.” Goods and/or services must meet the standards defined by the PO or contract to be considered “received” or “rendered.”

Prompt Payment Law – Texas Government Code, Chapter 2251, which requires all State of Texas agencies, including institutions of higher education, to pay vendors interest at 1 percent per month (prorated).

Uniform Statewide Accounting System (USAS) – The state’s official accounting system used by all state agencies to record and report financial transactions to the State Comptroller’s Office. All state fund vouchers processed by A&M-San Antonio are created in FAMIS and transferred to USAS for final processing.

Contact Office

Business Affairs, Accounting Services (210) 784-2011