

TEXAS SOUTHERN UNIVERSITY
MANUAL OF ADMINISTRATIVE POLICIES AND PROCEDURES

SECTION: Fiscal Affairs

NUMBER: 03.01.01

AREA: General

**SUBJECT: Expenditures of all Funds Administered by the
Texas Southern University**

1. PURPOSE

The administration of Texas Southern University, being mindful of its responsibilities to manage funds from all sources which are entrusted to it for carrying out its programs and activities, deems it advisable to promulgate written guidelines and procedures for the prudent expenditure of those funds. Such guidelines and procedures will assist the University in meeting its obligations of public accountability and responsibility to the State of Texas and to other constituencies which have made those funds available.

2. APPLICABILITY AND DELEGATION

- 2.1. The guidelines and procedures are applicable to all funds administered by the University.
- 2.2. All University expenditures shall be consistent with applicable state and federal laws and regulations; with any restrictions, rules or regulations placed on the use of the funds by donors and granting or contracting agencies; and with prudent management practices. In addition, all expenditures must be reasonable and necessary for carrying out the programs and activities of the University, and shall be documented in a way which clearly substantiates such reasonableness and necessity.
- 2.3. The state's prompt pay law requires most vendor payments paid with state appropriated funds that exceed \$5,000 to be sent by the 30th calendar day after the latest of the following:
 - a. The day the university received the goods;
 - b. The day the vendor completed performing its services; or
 - c. The day the university received the invoice for the goods and services.
- 2.4. If the university does not mail or electronically transmit a payment to a vendor or the vendor's financial institution by the applicable due date, then the university is liable to the vendor for interest in compliance with the following provision:

- a. Beginning on the day after the payment is due, interest accrues on the unpaid balance at the rate specified by the State Comptroller's Office. The interest ceases to accrue on the date the university mails or electronically transmits the payment to the vendor or the vendor's financial institution.
- b. When payment is made with state-appropriated funds, late interest accrued of \$0.01 or more must be paid. When payment is made with local funds, late interest accrued of \$5.01 or more must be paid.
- c. Vouchers created with fund 5 cost centers (sponsored grants and contracts) will not pay interest, since fund 5 cost centers do not permit late payment interest.

2.5. The President has delegated to the Chief Financial Officer the implementation of these guidelines.

2.6. Transaction approval authority: The Chief Financial Officer shall define a procedure for establishing transaction approval authority on all funds.

3. DEFINITIONS

Wherever used in this document, the terms listed below will be defined as follows:

- 3.1. Texas Southern University Funds: All funds from whatever source available for expenditure by the university.
- 3.2. State Appropriated Funds: All funds included in the biennial legislative appropriation bill passed by the Texas Legislature.
- 3.3. Non-State Appropriated Funds: All funds available to the university, except those in item 3.2. above.

4. DOCUMENTATION STANDARDS

- 4.1. Requests for expenditures against all funds of the university shall be fully documented in accordance with these guidelines prior to authorization for payment. Specific documentation requirements for travel and university business entertainment are contained in other administrative memoranda and, therefore, are not addressed in this section.
- 4.2. Before expenditures are incurred against any university funds, there must be evidence that purchasing guidelines have been adhered to, thereby ensuring that a valid commitment of the university funds has been made. Obligations incurred by any employee of the university contrary to these purchasing guidelines become personal obligations of the employee and not of the university.

- 4.3. Every expenditure request must be approved by the appropriate authority for the cost center against which that expenditure is requested. An up-to-date list of authorized transaction approvers is to be maintained with the office responsible for processing accounts payable. The Chief Financial Officer is responsible for updating this list. Requests for expenditures not meeting the documentation standards and other guidelines contained in this document must be rejected, and the reason for such rejection shall be clearly stated. Unless the problem is resolved by the requesting authority, the payment will not be approved.
- 4.4. Normally, payment for purchases of materials and services require the following supporting documents:
 - a. An original invoice from the vendor;
 - b. A receiving report approved by the individual actually receiving the material and/or the individual authorized to inspect material and certify receipt of materials;
 - c. A copy of the purchase order or other document which authorized the commitment of funds and shipment of the materials; and
 - d. Any other pertinent documents.
- 4.5. Petty cash purchases should be in compliance with the University's MAPP entitled "Petty Cash Procedures".
- 4.6. Payments for previously approved contractual commitments shall be made against properly detailed invoices or progress payment requests, the terms to be consistent with the terms of the contract. The original of the contract must be on file in the appropriate department as stipulated in the University's guidelines. All contracts shall be reviewed and executed in accordance with the University's MAPP entitled "Contract Administration".

5. RESTRICTIONS ON EXPENDITURES

- 5.1. The State of Texas Appropriations Act forbids the university from using appropriated funds for various types of expenditures, such as:
 - a. Support and maintenance of alumni organizations or activities (Article III, p.232, section 13);
 - b. Payment of salaries to any employee who uses alcoholic beverages while on the job (Article IX, p.53, section 11);
 - c. Purchase of aircraft (Article V, p.24, section 53);

- d. Purchase of food or beverages for employees or visitors (Texas Attorney General Opinion C-557);
 - e. Rental, payments or toll charges on telephones for which numbers are unlisted or unavailable from telephone information operators at telephone exchanges (including mobile telephones) (Article IX, p.110, section 141);
 - f. Judgments obtained from the State of Texas against the System except where it is specifically provided in the appropriations bill that funds may be used for the payment for such judgments (Article IX, p.81, section 60);
 - g. Premiums on insurance policies covering claims arising under the Texas Tort Claims Act (Article IX, p.82, section 61);
 - h. Research of any type until the university has adopted and filed with the Legislative Budget Board a policy which clearly establishes and protects the property rights of the State with regard to any patentable product, process, or idea that might result from such research (Article IX, p.79, section 58);
 - i. Honoraria that are honorary gifts or gratuitous payments, rather than compensation for services performed (Texas Attorney General Opinion C-523);
 - j. Audit fees, except those paid to the State Auditor for audit services performed where there is a determination by the State Auditor that there are insufficient funds available to the State Auditor to perform the requested audit (Article IX, p.71, section 37);
 - k. Entertainment expenses (Texas Attorney General Opinion C-557);
 - l. Gifts and other expenditures of a personal nature, other than expenditures for employee service awards and/or safety awards not exceeding \$50 per award (Article IX, p.53, section 12);
 - m. Operation of an athletic department (Article III, p.231, section 10); or
 - n. Operation of an auxiliary enterprise (Article III, p.230, section 7.8b).
- 5.2. Funds from the Higher Education Assistance Fund (HEAF) may only be used for the purpose of:
- a. Acquiring land with or without permanent improvements,
 - b. Constructing and equipping buildings and other permanent improvements,

- c. Major repair or rehabilitation of buildings or other permanent improvements,
- d. Acquisition of capital equipment, library books and library equipment, or
- e. Payment of debt service for bonds issued under Article VII, Section 17 of the Texas Constitution to finance any of the above with the exception of "d.", or to refund bonds or notes issued under Article VII, Section 17 of the Texas Constitution or prior law. HEAF funds may not be used to finance student housing, intercollegiate athletics, auxiliary enterprises or advanced payment for any purpose.

5.3. In addition to the above restrictions, which relate specifically to State Appropriated Funds and HEAF funds, no university funds may be used for the following:

- a. Political aid as defined in the current appropriations bill (Article V, p.36, section 5); or
- b. Fees for outside legal counsel, unless the Attorney General, upon being requested, is unable or unwilling to perform these services. If the Attorney General cannot provide such services, he or she will so certify and give written approval to the university to retain outside legal services (Article V, p.59, section 40).


6. REVIEW AND RESPONSIBILITIES

Responsible party: Chief Financial Officer

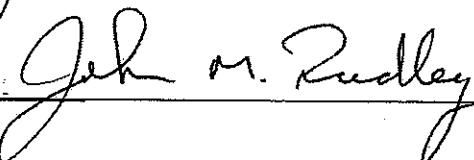
Review: Every three years by August 31

7. APPROVAL

Approved:



Chief Financial Officer



President

Effective Date: 06/24/09