



TEXAS TECH UNIVERSITY

Operating Policy and Procedure

OP 72.06 Direct Pay Expenditures

DATE: June 16, 2021

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 Senior Vice President for Administration & Finance and Chief Financial Officer.

POLICY/PROCEDURE

1. Compliance

Compliance with this OP should be verified before the submission of a direct payment request. *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 external 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) A complete description and business purpose – This should be a brief but definitive description of the expenditure. The first thirty characters will be printed on the check remittance. The description should include the information the vendor will need to apply for 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 comply with the sponsored project requirements. Any questions on allowability should be directed to the appropriate accountant in the Office of Accounting Services.
- c. Some vendors may be debarred on the Texas Payee Information System (TPIS) hold list or a federal debarment list. The Payment Services Office cannot process DPs to vendors in a debarred status. The vendor will be responsible for resolving any outstanding issues and having these holds removed before payment can be processed. The State of Texas and the federal government prevent any purchase, contract, and payment to vendors associated with terrorist organizations and others as detailed by applicable policies.

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. If the payment is not made within the 30-day period, state law requires an interest expense of the unpaid balance to be paid at the time the principal is paid. The interest expense rate is set annually by the Texas Comptroller of Public Accounts. 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, UIL events, and athletic games
- h. Student-athlete medical payments
- i. Student and customer refunds
- j. University deposits
- k. Utility payments

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