The Guidelines
For Disbursement
of Funds

Texas A&M University-Corpus Christi
Texas A&M University System

http://www.tamus.edu/offices/budgets-acct/index.html
How to maneuver through this presentation:

This presentation will take approximately 45 minutes to an hour including a short quiz.

The presentation will change from slide to slide when you press the forward (right) or backward (left) arrow key located on the keyboard.

When opening a hyperlink, right click on the link and choose open in different window. This will allow you to close the window and return to the previous screen.
Fund Types

State Funds

Local Funds

Institutional Funds
State

General revenue funds

Higher Education Assistance Funds (HEAF)

Must follow state expenditure requirement
State Funds Cont...

May not be used for the following purposes:

- Support of alumni organizations
- Contract organizations to audit financial records
- Support auxiliary enterprises
- Recruitment of out-of-state students
Local

Tuition and fees

Proceeds from sale of education and general activities and equipment

Indirect cost recoveries
Institutional

Gift Funds-restricted: eligible for use only as donor wished

Grants and contracts: must be spent in accordance with statutes and provisions of grant or contract

Other locally collected funds: eligible for any legal purpose
Institutional

Unrestricted Gift funds:

Eligible for any legal purposes

Not eligible for political or other specific purposes

Concessions are institutional funds
Purchasing Guidelines

Best value for the institution:

- Competitive bidding
- Competitive sealed proposal
- Catalogue purchase
- Group purchase program
- Open market
Delegated Purchases and Requisitions

AUTHORITY TO OBLIGATE FUNDS

The Director of Purchasing, Assistant Director of Purchasing, Buyers, the Executive Vice President for Finance and Administration, and the President are the only officials of the University authorized to obligate the funds of the University for the purchase of supplies, equipment, and services over $5,000.

The University will not assume liability for the payment of obligations incurred by any other employees or officials of the University, unless authorized in writing in advance by one of the above officials.
Delegated Purchases and Requisitions

The following is delegated to the departments. All dollar limits are maximum amounts:

- Commodity purchases of goods that do not exceed $5,000
- Emergency purchases that do not exceed $5,000
- Purchases of services the estimated cost of which does not exceed $5,000 per year per contract.
Delegated Purchases and Requisitions

In addition, services expected to exceed $5,000 on an annual basis must also be requisitioned through the purchasing module of FAMIS.

No employee or department may intentionally or knowingly make or authorize separate, sequential or component purchases to avoid competitive bid requirements. Purchases may not be broken down into small purchases in an attempt to circumvent purchasing rules.
Purchase Requisitions

For purchases greater than $10,000.00 three written bids are required:

Two from HUBS
Bids must be signed

HUB Program Website
Historically Underutilized Businesses (HUB Vendor)

Minority owned

Small businesses

State of Texas HUB Website
Exempt Purchases

Classified Advertising:
newspaper and magazine advertisements (does not include public relations/advertising campaign related services).

Conference Expense:
related to conference room services such as audio/visual/network and food services. Includes hotels and conference rooms. *(Does not include goods purchased for attendees or transportation services).*

Moving Expenses: (employee) Institutional funds only

Lecturers/Guest Speakers:
fees for speakers/lecturers hired on a one-time basis (does not include fees for speakers/lecturers on a continuous basis).

Student Travel:
expenses related to student travel with the exception of air and bus charter.
Library materials
  specific for TAMU-CC Library

Legislative information services
  bill analysis services

Membership fees and dues

Newspaper and magazine subscriptions
direct from the publisher

Freight (not related to the delivery of items being purchased)

Services
  provided by other State of Texas agencies or by other local governments. (Inter-agency and Inter-local agreements must be reviewed by the Department of Contract Administration.)
Exempt Purchases Cont.

- Intra-agency payments
- Registration fees associated with books and materials
- Rental of exhibit space such as booths for display purposes
- Goods and services
  - Provided by The Texas Department of Criminal Justice
  - Provided by the Texas Industries for the Blind and Handicapped
- Internal repairs
- Purchases from Federal agencies
Excess Obligations

Applies to purchases or service extending beyond a biennium

Examples:
- Lease with option to buy
- Lease purchase
- Installment purchase
Vendor on Hold Status

Verifications:
No earlier than 7 days
No later than date entering into transaction

If on hold:
Cannot sign unless agrees to a contract clause
The Department of Information Resources (DIR) maintains a catalog purchasing program for:

- Computers
- Computer peripherals
- Software
- Telecommunication equipment and supplies

These commodities do not require bidding and can be purchased from any vendor on DIR’s WebPages

Http://www.dir.state.tx.us

A state agency that contracts for services will require the contractor to:

Purchase products and materials produced in Texas when they are available
Other Helpful Information

Those whose primary purpose is training and employing individuals having mental retardation or a physical disability must be given preference if the products meet state specifications regarding:

- quantity
- quality
- delivery
- life cycle costs
- and price

For a list of products that can be purchased from the Texas Industry for the Blind and Handicapped (TIBH), please refer to the following website: [http://www.TIBH.org](http://www.TIBH.org)
Purchase Voucher/Payment Request

Follow all rules, regulations and laws

Contain accurate data and description

Provide documentation to support legality and describe purchase

Cite relevant statutory authority (when necessary)
Items on Voucher/Payment Request

- Agency name
- Agency number
- Departmental reference number (where applicable)
- Agency voucher/reference number
- Taxpayer identification number (vendor identification number)
- Name and address of the vendor or payee
- Invoice date
- Order date
- Date invoice was received
Invoice/Receipts

Payment made after services or goods received

Original invoices/receipts required

Have original, identical signature

Cite relevant statutory authority
Required State Documents

Spot Purchases should be prominently displayed on the voucher.

Written documentation of prices must be maintained and readily available.
Example: Written price quote, order form, etc...

Written documentation should include the order date, quantity and price of goods purchased.
Prompt Payment

We have 30 days from the latest of the following three dates to pay:

- The day the agency received the goods, or
- The day the vendor completed performing its services for the agency, or
- The day the agency received the invoice for goods and services
Prompt Payment

Beginning on the day after the payment is due

Interest accrues on the unpaid balance at a rate of 6%

The State Comptroller’s Office and A&M System Member fiscal offices’ automatically compute and pay interest owed
Prompt Payment Exemptions

There is a bona fide dispute between:
• Vendor and subcontractor
• Subcontractor and supplier

Invoice is not mailed to the person to whom it is addressed in strict accordance with any instructions on the purchase order relating to the payment
Disputed Payments

• Notify within 21 days

Vendor’s favor:
the vendor is entitled to receive interest on the unpaid balance of the invoice

State agency’s favor:
Vendor must submit a corrected invoice
Advanced Payments

Can pay in advance if serves public purpose

For example:

- Rent up to 14 days before due date
- Subscription up to 6 weeks before renewal
- Allows for significant cost savings

Contact State Comptroller for other exceptions

Cannot use HEAF funds for any advance payments
Conference and Registration Fees

Advance payment by voucher directly to organization up to six weeks in advance

Earlier payment maybe allowed if the payment would be more cost efficient

Reimbursement to employee after conference
Subscriptions

Subscriptions should be in the name of the institution or agency

Voucher/payment request: The beginning and ending date of the subscription must be stated on the purchase voucher or FAMIS module

Payment cannot be made more than six weeks before the start of the subscription period. If payment is required earlier than six weeks, an explanation must be included on the purchase voucher
Vendor and Employee Payments

Vendor Identification Number (VIN) in the accounting system

Direct Deposit encouraged
Contract Workforce

Cannot expend funds for contracts that are executed, amended, or renewed until the agency or institution:

• Develops comprehensive policies and procedures
• Examines the legal and personnel issues
• Conducts a cost benefit analysis
• Documents why and how the use of contract workers fit into agency staffing strategies

Please refer to policy number 33.99.16.c1.01

TAMUS Policy 33-99-16
Contract Approval

All contracts must be reviewed and signed by the Director of Purchasing. The Director of Purchasing will determine if the contract needs to be reviewed by legal counsel as per policy on contracts 25.07.07.

The only contracts Department Heads are authorized to sign are under $5,000 and when using the TAMUCC Contract Agreement Form which can be found at the following website:

[TAMUCC Contracts Website](#)
Contract Reporting Requirements

Five categories:

- Major information systems (more than $100,000)
- Construction projects (more than $14,000)
- Professional services (more than $14,000)
- Consulting services (more than $14,000)
- Other (more than $50,000)-only when purchased with state appropriations

The Purchasing Dept. is responsible for reporting information.
Advertising
Must have copy of advertisement attached
Events and activities where alcohol is used must be approved by CEO, Chancellor, and reported to the Board of Regents.
Alcoholic Beverages

Alcohol may be purchased using:

- Gift or institutional funds
- Contract or grant funds
- Participant registration fees (if alcohol is to be served at event)

Vouchers must show alcohol was purchased.
Charitable Organizations

May donate if:

- The agency has specific or implied statutory authority to provide it
- Providing it would serve a public purpose
- The agency would receive adequate consideration for it
- The agency adopts adequate controls to ensure that the public purpose is achieved
Employee Certification/ Licensure

Reimbursed if required to maintain professional certification or licensure

Fees not reimbursable:

- Exams or course fees
- Late payment penalties
- Discretionary membership fees
Employment of Retirees

Under the Teacher Retirement System (TRS):
An institution of higher education may employ a person who has retired if the governing board determines that the employment is in the best interest of the institution, and the person has been retired for at least 30 days before the effective date of the employment.

The same applies to a person retired under the optional retirement system, except that the rehire after retirement may occur without a break in service.
Flowers and Plants

State funds may not be used to purchase decorative plants

State funds may be used for:
- Soil
- Fertilizer
- Seeds for erosion prevention
- Research or agriculture
Food Purchases

Food may be purchased only:
• For educational functions
• To promote education
• To perform public service

State funds can only be used for purchasing food used in research.

Business meals can only be purchased with Institutional funds.

Business Meal Reimbursement/Food Purchases Chart
Food Purchases

The 5 W’s for business lunches or entertainment:

• Who
• What
• Where
• When
• Why
Food Purchases

Expenditures of university funds for meals with co-workers is not normally appropriate except for business functions. Approval by the appropriate Vice President should be received in advance should you need to conduct business during a meal. This approval must be documented with submissions for reimbursement.

Expenditures of university funds for meals with spouses is not normally appropriate except for special functions and occasions that require their attendance to conduct business. Approval by the appropriate Vice President should be received in advance. This approval must be documented with submissions of reimbursements.
Employee Gifts/Awards

State limitations on awards:
- Recipients must still be employed
- Cost is no more than $100

Awards are:
- Lapel pins or tie clasp
- Plaques
- Certificates or similar terms

Cash and cash equivalent gifts (including gift cards) are taxable to employee, regardless of dollar amount
Honoraria or Speaking Fees

There are taxable income issues related to honoraria and speaking fees.

All honoraria must be paid from institutional funds.

Honorarium Policy
Independent Contractors

State agencies are exempt from:
- Paying Social Security tax
- Withholding income tax
- Reporting to Texas Workers Compensation
- Providing benefits

Penalties may be incurred if misclassified
Independent Contractors

Services provided are an integral part of the contractor’s business.

The permanency of the employment relationship.

The amount of the contractor’s investment in facilities and equipment.

The nature and degree of control and supervision by the employer.

The contractor’s opportunities for profit and loss.

The amount of initiative, judgment, or foresight in open market competition with others.
Interagency Agreements/Contracts

May be for employee services, materials and/or equipment

Require approval of President or authorized designees (Purchasing or University Outreach) if over $5,000 or less if not on university approved contract form which can be found at: TAMUCC Contracts Website
Contracts greater than $50,000 require written contract.

Contracts of $50,000 or less require informal letters of agreement.

Contracts of $500 or less do NOT require written contracts or letters of agreement.
Memberships -
Non-Professional Organizations

May pay if:

Specific or implied statutory authority exists

Payment would serve a proper public purpose

Agency would receive adequate consideration in exchange for payment
Memberships-
Non-Professional Organizations

Voucher must state:

Purpose to be served

How payment relates to statutory
duties of agency or institution
Memberships
Professional Organizations

Requires President’s approval

Should be in name of agency or institution

Can be in employee’s name if best serves purpose
Memberships
Professional Organizations

Can reimburse to maintain job-related professional certification or licensure.

Examinations or courses to initially obtain certification not reimbursable.
Moving Expenses

Reasonable and necessary moving expenses for employee transferred at least 25 miles

Must use state equipment if available

May not pay if employee has break in service

Moving expense for new state employee may be paid only from institutional funds
Notary Fees

Effective September 1, 2002, the State of Texas no longer requires employees designated as notaries to purchase notary bonds.

All notary applications are to be submitted to the State Office of Risk Management with a check for $11.00 made payable to the Secretary of State.
Payments To Non-U.S. Citizens

Must include a copy of the foreign individual’s entry visa or evidence of temporary non-immigrant status.

Require a Social Security Number or an Individual Taxpayer Identification Number (ITIN) prior to being paid.

This includes payments being made on behalf of that individual (i.e. direct bills for hotels and airlines).

If an individual is not eligible for a Social Security Number, he/she should apply for an ITIN.
Private Consultants

Substantial need exists

Service not available from existing personnel or other state agencies

If exceeds $14,000, must notify:
   Legislative Budget Board

If exceeds $15,000, must notify:
   Legislative Budget Board
   Governor’s Budget and Planning
Private Consultants

An individual who provides consulting services to a state agency and has been employed by that agency or by another state agency at any time during the past two years must disclose:

– The nature of the previous employment with the agency
– The date the employment was terminated
– The annual rate of compensation at the time of termination

If the state agency accepts the individual’s offer, the individual’s previous employment and its nature must be included in the Texas Register notice posted after the contract is awarded.
Private Consultants

The employment of any individual by an A&M System Member as a private consultant, in addition to his/her normal employment with the same Member, should be processed through the payroll system.

When the funding source for the contract will be state funds, former or retired employees of the agency must have been released 12 months prior.

The System Office of General Counsel (OGC) must review any contract for outside counsel.
Professional Services

Within the scope of:

- Accounting
- Architecture
- Medicine
- Real Estate Appraising
- Land Surveyor

Professional Services Procurement Act (Chapter 2254, Subchapter A, Texas Government Code)
Professional Services

Selection should be based on:

- Demonstrated competence
- Qualifications
- Fair and reasonable prices
Publications

State funds may not be used for:
• Publication
• Recording
• Production Distribution

of any item or matter unless:
• Essential to accomplish or achieve a strategy or outcome target established by the General Appropriations Act
• Required by law

This includes the following:
• Notices
• Pamphlets
• Video tapes/ audio tapes
• Microfiche/ films
• Other electronically produced information or records
Publications

State funds may not be expended to print a publication of any type that prominently displays:

- The name or picture of a statewide elected official
- Any appointed officer of the state
- An employee

Each state publication must clearly reflect the date that the publication is produced or initially distributed by a state agency in a conspicuous location at or near the beginning of the publication.
Speakers

Per the Texas Ethics Commission publication, *A Guide to Ethics Laws for State Officers and Employees*:

- You may not solicit
- Agree to accept or
- Accept an honorarium

in consideration for services you would not have been asked to provide but for your official position.

It is permissible to accept:

- Food
- Transportation
- Lodging

in connection with a speech or other service performed in an official capacity

Payments to individuals currently employed by the A&M System must be processed through payroll
The State Employees Training Act allows agencies to expend state funds to provide training and education for its administrators and employees.

However, the program must relate to the current or prospective job duties of each administrator or employee who is trained under the program.
Federal and State Taxes

Generally exempt from federal and state taxes

Exceptions:

• Other states may assess taxes

• Individuals may be reimbursed for taxes, except for lodging

• Agencies and institutions must pay federal taxes on telephone bills and fuel and certain state taxes on fuel
A state agency may not buy, rent, or pay toll charges for a telephone for which the telephone number is not listed or available to the public from directory assistance.

Communication service allowances may be provided to employees utilizing cellular phones for university business.
Utility Services

A utility may not bill or otherwise require a state agency to pay for services before the services are provided.

The Public Utility Regulatory Act prohibits a telecommunications utility that provides service to a state agency from imposing a fee, a penalty, interest, or any other charge for delinquent payment of a bill for that service.
Tips and Gratuities

Cannot be paid or reimbursed from state funds

Tips may be paid or reimbursed from certain institutional funds

Refer to food purchases chart for details
State Travel Management Program

Reduces cost of travel

May require Travel Exemption form

TexTravel
Foreign Travel

Must have President’s approval, except Canada and Mexico

Will need approval of excess costs
Travel Vouchers

State agencies are exempt from paying state hotel occupancy tax:
Provide a Texas Hotel Occupancy Tax Exempt Certificate to the lodging establishment

Not exempt from county or local hotel occupancy tax
Travel Vouchers

Employees: actual or maximum meals and lodging

In-state: $85 for hotel; $36 for meals

Out-of-state: federal limits

Chancellor, President, Agency Directors, actual Board of Regents: up to $85/day in-state or actual out of state

Mileage: 55.0 cents/mile
Air Travel

Charge to:
University’s Central Billing Account (CBA)

JP Morgan Chase DCBA Card

Give preference to contract airlines
Air Travel

Discounts or bonuses earned for frequent flyer miles are not a “thing of value” to the state and may be used for private purposes.

State agencies must determine whether companion fare or free tickets may be private purposes.
Air Travel Exception

Personal charge card provides more insurance

Contract airline:
- Does not serve destination
- Cannot meet time limitations
- Does not have the lowest fare
- Cannot be used for medical emergency
- Cannot meet needs of disabled traveler
Hotels/Motels

Use contract hotel/motel when possible

Exceptions:
- Not available at location or sold out
- Not the least expensive
- Cannot meet needs of disabled traveler
- Perceived safety or security risk
- Group rate offered for meeting
Rental Cars

Use Avis or Enterprise

Exceptions:
- Does not offer services in location
- Sold out
- Not the least expensive
Prospective Employees Travel

Travel to interview reimbursable

Same rules and limits as employee travel

No exemptions from hotel occupancy tax
Texas A&M-Corpus Christi employees may not use University funds for any personal expenses using any form of purchase agreement.

This includes Petty Cash, Purchasing Card (P-Card), Departmental Central Billed Account (DCBA) card, or FAMIS Purchase Order.

TAMUCC employees must use extra caution with University credit cards to ensure compliance.
Texas A&M System Employees are required to complete Ethics Training once a year.

Ethics training is available through SSO on the Training Tab of HR Connect.

Single Sign-On
TAMU-CC has additional policies and restrictions for employees to use if they use petty cash.

Petty Cash Instructions and Form are available from the Business Office Website:

[TAMUCC Business Office Website](#)

Click on Administration, then Business Office, then Downloadable Forms.
TAMU-CC employees may apply to have a P-card to assist them in making purchases easier.

P-card Application and Manual are available from the Purchasing website:

TAMUCC Purchasing Website

Click on Administration, then Purchasing, then Online Forms for the Application.
Credit Card
Departmental Central Billed Account (DCBA)

TAMU-CC employees may apply to have a DCBA card to assist them in making travel purchases easier.

DCBA Application and Manual are available from the Travel website:

TAMUCC Travel Website
Special thank you to the following:

Http://www.aarinfreephoto.com
Http://www.allfreebackgrounds.com
Http://www.freeimages.co.uk
Http://www.geekphilosopher.com
Http://www.itoeyeonline.co.uk
Http://www.powerpointbackgrounds.com
Http://www.prankcallsunlimited.com
This presentation was made possible through the Texas A&M University - Corpus Christi internship program and the TAMUCC Accounting Services Department.

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Guidelines for Distribution of Funds 2009