



# TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

## Operating Policy and Procedure

**HSC OP:** 72.03, **Direct Pay Expenditures**

**PURPOSE:** The purpose of this Health Sciences Center Operating Policy and Procedure (HSC OP) is to provide general guidelines 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 Health Sciences Center, and the Board of Regents of the Texas Tech University System.

**REVIEW:** This HSC OP will be reviewed on May 1 of each even numbered year (ENY) by the Managing Director of Procurement Services and the Managing Director of Payroll and Tax Services, with recommendations for revision forwarded to the Vice President and Chief Financial Officer by July 15.

### **POLICY/PROCEDURE:**

Compliance with this HSC OP should be verified prior to the submission of a payment or reimbursement request. **The individual requesting or authorizing the funds for the expenditure (fund approval) is certifying the validity of the expense and compliance with pertinent TTUHSC Operating Policies.** If the expenditure is questionable, Payment Services should be contacted prior to making the obligation to ensure that payment/reimbursement is allowed.

#### 1. General

- a. Direct pay expenditures are those for which the department is initiating payment for products and/or services that have already been received, have occurred, or customarily require advance payment, and are specifically identified below. The expenditures do not fall under other statutory purchasing requirements as determined by Purchasing.

TTUHSC DIRECT PAY FORMS include the following expenditures:

- Accreditation, certification and examination fees
- Advertising
- Awards, prizes and gifts
- Correctional care contracts
- Donations to charitable organizations
- Food and entertainment
- Legal expenditures
- Lodging – direct bill
- MPIP refunds
- Magazine/journal subscriptions
- Membership dues
- Postage
- Professional license fee
- Registrations
- Sponsorship to charitable organizations
- Utilities
- Water/services & coffee/soft drinks

**Original invoices and/or receipts are required to be attached to all payment requests processed in TechBuy using a TTUHSC Direct Pay Form.** If the departmental purchasing card is used to process the payment, the original invoice and/or receipt must be kept with the purchasing card transaction as supporting documentation which must comply with the guidelines set forth in OP 72.15 – Purchasing Card Program.



A non-cash award, prize or gift to employees **valued at greater than \$100** must be processed through the Employee One-time Payment System (EOPS) with the earn code MSC. The completed Non-Cash Awards, Prizes, Gifts and Gift Cards Form (Attachment B) must be attached as supporting documentation.

A non-cash equivalent gift card/certificate is one that can be redeemed only for a specific item, i.e., turkey at United.

Tangible items, include, but are not limited to, pins, pendants, plaques or pre-selected items.

- Retirement including Employee Separation from TTUHSC

Non-cash awards or gifts given for retirement (up to a \$400 value) as well as employee separation from TTUHSC (up to a \$100 value) will not be subject to taxation and is limited to one item. However, any other gift given to the employee within that tax year and the following four years will be subject to taxation. Awards for length of service can be made only once every five years and can never be given during the first five years of service.

The TTUHSC direct pay form in TechBuy - TTUHSC Awards, Prizes and Gifts or the departmental purchasing card may be used to purchase gifts for length of service including retirement that cost \$400 or less. The completed Non-Cash Awards, Prizes, Gifts and Gift Cards Form (Attachment B) must be attached to the direct pay form or kept with the purchasing card as supporting documentation.

- Other than retirement or employee separation from TTUHSC

Non-cash awards or prizes must be processed using the TTUHSC direct pay form - TTUHSC Awards, Prizes and Gifts. The completed Non-Cash Awards, Prizes, and Gifts Form (Attachment B) must be attached as supporting documentation. If the non-cash award or prize is greater than \$100, it must be processed through the Employee One-time Payment System (EOPS) with the earn code MSC. The value is determined by purchase price unless the item has been personalized (inscribed with the recipient's name), which will decrease the fair market value (FMV).

- ii. Non-employee (including students)

Academic achievement awards and contest prizes to TTUHSC students are permitted using institutional local funds only if the award is based solely on academic achievement or the results of a contest and not based on past, present, or future services performed by the student.

Non-cash gifts for donors or participants of official functions are allowed only on local funds. These gifts may be purchased using the departmental purchasing card or with the direct pay form - TTUHSC Awards, Prizes and Gifts.

The completed Non-Cash Awards, Prizes, Gifts and Gift Cards Form (Attachment C) must be attached as supporting documentation. Gifts to donors that exceed \$600 or more, must have the original signature of the Vice President for External Affairs or President (or designee) on the form. 005 Tc7 (f)-15.7

- g. Legal Expenditures (for Office of General Counsel use only)

Payment requests must be processed in TechBuy using the direct pay form - TTUHSC Legal Expenditures.

- h. Lodging – Direct Bill

Payment requests must be processed in TechBuy using the direct pay form – Direct Bill for Non-Employees. These requests are for invoices/folios from lodging establishments which are directly billed to TTUHSC. These expenses are for prospective employees, speakers, or participants only. Employees on travel status may never request that a hotel direct bill to TTUHSC. Local funds must be used for processing payments for speakers, participants and accompanying spouse/family of a prospective employee.

- i. MPIP Refunds (limited access)

Payment requests will be processed at <http://www.fiscal.ttuhs.edu/mpiprefunds>. Submitters must have access in the system in order to submit refund requests. Designated approvers for each MPIP campus office will be able to approve, deny or return to preparer. Upon approval, invoice transactions will be generated and uploaded to the Banner Gateway for processing. Payment will be generated within Banner invoice and payment processes.

- j. Magazine/Journal Subscriptions (preferred method of payment – purchasing card)

Subscriptions for magazines/journals or newspapers are allowable and must pertain to the employee's position and benefit the institution. The subscription cannot be delivered to the employee's home address. When using state appropriated funds, it may not be paid more than six weeks in advance of the renewal date.

Payment requests may be processed in TechBuy using the direct pay form – TTUHSC Magazines/Journal Subscriptions if the purchasing card is not an option of payment. Online electronic subscriptions will be allowed; however, they cannot be set up with the vendor to recur monthly (or on another periodic basis).

Employee reimbursements for subscriptions are NOT allowed.

- k. Membership Dues – (preferred method of payment – purchasing card)

Payment for membership dues to professional organizations may be processed with the departmental purchasing card provided the organization is on the approved membership list. Payment requests may be processed in TechBuy using the direct pay form – TTUHSC Membership Dues if the purchasing card is not an option.

State appropriated funds cannot be used to pay membership dues to organizations associated with a lobbyist, i.e., Chamber of Commerce. They must be processed using the direct pay form – TTUHSC Membership Dues. The purchasing card cannot be used.

All civic/social memberships and airline clubs, i.e., Lions Club, Rotary Club, Admirals Club, Texas Tech Club, country clubs, sporting clubs are prohibited. Refer to [HSC OP 72.16](#) Official Functions, Business Meetings and Entertainment for the three social memberships that the President's Office has approved.

Employee reimbursements for membership dues are allowed. It should be the exception. See Section 3 under Employee Reimbursements for processing procedures.

I. Postage

Payment requests must be processed in TechBuy using the direct pay form – TTUHSC Postage. Only vendors allowed are U.S. Postmaster, Pitney Bowes **and** presort companies.

Employee reimbursements for postage are NOT allowed.

m. Professional License Fees (preferred method of payment – purchasing card)

TTUHSC will not pay for professional licenses in states other than Texas unless a valid benefit to the institution is demonstrated or required by the State of Texas for licensure by reciprocity. Payment requests in TechBuy using the direct pay form – TTUHSC Professional License Fees may be used for processing the payment if the purchasing card is not an option.

Employee reimbursements for professional license fees are allowed. See Section 3 under Employee Reimbursements for processing procedures.

n. Registration Fees (preferred method of payment – purchasing card)

Registration payments include fees and related expenses for training workshops, seminars, and conferences attended by state employees. These types of events must meet the criteria that the training and development is required to maintain or improve a skill, required or mandated by the institution. Payment requests in TechBuy using the direct pay form – TTUHSC Registration Fees may be used for processing the payment if the purchasing card is not an option.

Refer to [HSC OP 70.47](#), Employee Training and Development, for educational expenses paid to or on behalf of an employee that leads to an undergraduate/graduate degree or if the expense does meet the criteria above.

Employee reimbursements for registrations are allowed. It should be the exception. See Section 3 under Employee Reimbursements for processing procedures.

o. Sponsorships (allowed on local funds only)

Payment requests must be processed in TechBuy using the direct pay form – TTUHSC Sponsorships. Sponsorship is funding for a specific event where TTUHSC receives a benefit as well as recognition for the sponsorship i.e., golf tournaments, fund-raisers, banquets, and similar events. Supporting documentation for sponsorships must be included with the completed Substantiation of Donations and Sponsorships Form (Attachment D) and attached to the direct pay form.

The departmental purchasing card payment option is prohibited.

Employee reimbursements for sponsorships are NOT allowed.

p. Utility Expenditures

Utility invoices must be processed in TechBuy using the direct pay form – TTUHSC Utilities. This includes expenses for electricity, natural/liquefied petroleum gas (LPG), water, sewer, and garbage/waste collection (does not include shredding or commercial waste management companies), thermal energy, thermal energy chilled water, thermal energy steam.

- q. Water/Services and Coffee/Soft Drinks – (allowed on local funds only)

Payment requests must be processed in TechBuy using the direct pay form – TTUHSC Water/Services and Coffee/Soft Drinks. Water or water services may be purchased for use by employees. The use of institutional funds to purchase coffee and soft drinks are allowed for departmental visitors and patients and prohibited for employee use.

### 3. Additional Allowable Expenditures

- a. Flowers (allowed on local funds only)

Flower expenditures are permitted using local funds for official TTUHSC functions or for employees and their immediate family members in the cases of illness or death. Purchases for flowers for employees and their immediate family members must be processed with the departmental purchasing card. In cases where the expense is associated with illness (overnight hospital stay) or death of an employee or employee's immediate family, documentation of the recipient and their relationship to the employee is required as supporting documentation. Family is defined in OP 70.01 as the employee's spouse, employee's or spouses' parents, children, brothers, sisters, grandparents, and grandchildren. See paragraph 2(e) above regarding donations to charitable organizations in lieu of flowers.

Employee reimbursements for flowers are not allowed.

- b. Employee Reimbursements

All employee reimbursements must be processed in TechBuy using the direct pay form – TTUHSC Employee Reimbursements. Required supporting documents, including receipts must be attached as detailed above for the allowable expenditures. Additional documentation will be required when the receipt is not presented such as, a cancelled check, bank or credit card statement. Signature of the employee's supervisor or a superior of the employee is required if the fund manager approving the reimbursement is not their immediate supervisor. An approval email from the supervisor or the Approval Form for Employee Reimbursement must be attached to the direct pay form.

Expenditures for supplies and equipment for institutional use should be made in accordance with guidelines established through the Purchasing department as stated in HSC OPs 72.01 through 72.15. Employee reimbursements are allowed only as specified within these HSC OPs. Employees purchasing supplies or equipment with personal funds and subsequently requesting reimbursement from institutional funds are operating outside the guidelines set forth in these HSC Purchasing OPs. Reimbursement for such expenditures could be denied.

- c. Ownership of Items Purchased with Institutional Funds

All purchases of equipment or supplies made with institutional funds remain the property of TTUHSC unless the purchase is an award, prize, or gift and complies with section 3 of this OP. This includes, **but is not limited to books, eBooks, iPads, eApplications, computer hardware, peripherals and software**. These items may be purchased for