Our Current Environment

An American-Statesman article on November 15, 2010, expressed concern that expected shortfalls in state revenues will lead to additional significant budget cuts in Higher Education.
When is a payment allowed????

• NOT always simple!!!

• Difficult to provide a listing of all allowed purchases
Two Basic Requirements

- Valid Business Purpose
- Source of Funding That Permits the Payment
Valid Business Purpose

• What is a business purpose?

• Texas State University System Rules and Regulations sheds light on a definition:
  • The payment “...assists the Components in the System in carrying out their educational functions, promotes education in the State of Texas, and provides an important public purpose.”
Valid Business Purpose

• What is the primary purpose for the activity or transaction?

• How does the activity or transaction relate to the university’s educational mission?
Valid Business Purpose

• Texas State University Mission Statement:

“Texas State University-San Marcos is a public, student-centered, doctoral-granting institution dedicated to excellence in serving the educational needs of the diverse population of Texas and the world beyond.”
Valid Business Purpose

• What is the primary purpose for the activity or transaction?

• How does the activity or transaction relate to the university’s educational mission?

• Who benefits?
Sources of Funding

• Not all sources of funding are equal!

• Four main sources of funding cover the operations of most university departments
Sources of Funding

• E&G (State)
  • General Revenue Appropriations
  • HEAF Appropriations
  • Other State Appropriations
  • Statutory Tuition
  • Is generally used to pay salaries and benefits
  • Generally more restrictive than “M&O” accounts

• Funds that start with “1”
Sources of Funding

• Designated Method (M&O)
  • Designated Tuition
  • Some fees

• Other Designated Fund
  • Revenue Generating Accounts
  • Service Departments

• Expenses generally permissible with valid business purpose

• Funds that start with a “2”
Sources of Funding

• Auxiliary
  • Provide services to students, faculty, staff, and the public
  • Revenues derived from fees or business operations
  • Are self-supporting
• Expenses generally permissible with valid business purpose
• Funds that start with a “3”
Sources of Funding

• Restricted (Discretionary & Grants)
  • Funding given by external entities with conditions that must be fulfilled when spending the funds
  • Distributions from endowments
  • Reach for the Stars Contributions
• In addition to a valid business purpose, must meet the conditions imposed by the donor
• Funds that start with a “4” or “8”
UPPS 03.01.03

Purchase of Alcohol, Awards, Flowers, Food, or Refreshments
Highlighted Sections

• Section 01.05 outlines criteria that makes expenses allowable
• Generally the same criteria as on the face of the Form AP-1
Highlighted Sections

• Section 01.07 outlines requirements for achievement awards
• Only tangible items of personal property; no cash, gifts cards, etc.
Highlighted Sections

Section 01.10 prohibits purchases for spouses, children, and other family members.
Highlighted Sections

• Section 01.12 governs any exceptions to the policy
• Requires Cabinet Officer or President’s approval
Highlighted Sections

• Section 06 covers the procedures to process a payment
• Purchase requisition should be used
• The payment document should include detailed information to support the purchase
Highlighted Sections

• Amount
• Time, Place, and Description
• Business Purpose
• Business Relationship of those involved
What to Do When You Are Not Sure

• Contact Purchasing, Accounts Payable, or General Accounting before committing to or authorizing the purchase

• Obtain your divisional Cabinet Officer’s approval prior to processing your payment request
What to Do When You Are Not Sure

• How to Contact the General Accounting Office:

  gao@txstate.edu

  245-2747

  www.txstate.edu/gao