September 1, 1999

FISCAL MEMORANDUM 00-02

TO: Administration
    Information and Technology Exchange Center
    Divisions/Centers

SUBJECT: Prompt Payment of Vendors

To be in compliance with the prompt payment law which was enacted by the Texas Legislature, TTI will begin making automatic payment of interest on amounts which are past due to vendors beginning September 1, 1999.

Payments are due no later than the 30\textsuperscript{th} calendar day after the latest of the following:

(1) the day TTI received the invoice for the goods or services

or

(2) the day TTI received goods or services in an acceptable manner.

Beginning on the day after the payment is due, interest accrues on the unpaid balance at the rate of 1\% per month (12\% annual rate). Interest accrues on all calendar days, regardless of weekends or any holidays.

Internal procedures of every area should be analyzed regarding purchasing and payment processes. To assure the successful implementation of this new requirement the following guidelines are to be utilized in processing all purchases and payments for TTI.

(1) All employees involved in the purchasing and payment process should know the importance of prompt payment. New employees should receive proper orientation.
(2) Responsibility for voucher preparation must be at level adequate to assure quality and timeliness. Cross training of personnel and designation of backup is essential to keep payment process moving.

(3) All invoices received by the TTI Business Office will be date stamped upon receipt and forwarded to the appropriate area of TTI. All invoices should also be date stamped on the front upon receipt within each program or division of TTI. The date the invoice is first received in TTI will be entered on the purchase voucher.

(4) All dates regarding the receipt of goods must be documented. If there is a dispute with a vendor over the goods or services performed, all information must be documented on TTI Business Office Form PVOUCHER-C. The date the goods or services are acceptable will be entered on the purchase voucher.

(5) Signature delegation should be appropriate so that documents are not delayed awaiting approval.

(6) No charges should be made to a TTI account unless it is a legitimate expense for that account. Research Foundation expenditures should be charged directly to the Research Foundation. (Centrex and other telephone bills are the only exception).

Federal OMB Circular A-21 does not allow interest charges on research contracts, other sponsored activities, or service centers. Interest penalties resulting from overdue payments to vendors for these accounts will be paid from respective departmental overhead accounts. Interest charges on all other accounts will be expensed directly to the account from which the original purchase of goods or services was made. A monthly analysis will be made on amount of interest TTI is paying by each program.

The TTI Business Office will issue further procedures as needed as part of the purchase voucher process to assure compliance with the prompt payment act.

If you have any questions, please contact Marie Schoeneman at 845-9580 or Marie Ethridge at 845-9595.

Don Bugh
Executive Associate Director