HSC OP: 72.10, Invoice Processing and the Prompt Payment Law

PURPOSE: The purpose of this Health Sciences Center Operating Policy and Procedure (HSC OP) is to establish procedures for the processing of invoices timely and the payment of interest to vendors as required by the Prompt Payment Law.

REVIEW: This HSC OP will be reviewed on January 15 of each odd-numbered year (ONY) by the Managing Director of Purchasing, with recommendations for revisions forwarded to the Executive Vice President for Finance and Administration by February 1.

POLICY / PROCEDURES:

1. Responsibility of Invoice Processing

The payment of invoices is the responsibility of Accounts Payable. Departments are responsible for submitting documents timely so that payments may be made promptly and late interest avoided.

2. Processing Procedures for Payment of Invoices

a. Departments must enter receiving information in TechBuy within 3 days after the goods are received or services are completed. The receipt date is the actual date of when the goods are received or the services completed. Receiving procedures are discussed in HSC OPs 72.09 and 63.05. Accounts Payable will not process invoices submitted for payment until a receipt has been completed in TechBuy.

b. To comply with the State of Texas Comptroller’s rules, invoices received directly from a vendor by a department or Accounts Payable must be date stamped on the day the invoice was received. Applying an incorrect receiving date to avoid late payment penalty is considered falsifying a state record and is expressly prohibited by law.

c. All invoices emailed to the department or received by mail from vendors that are not “eInvoice vendors” in TechBuy must be submitted to Accounts Payable for payment processing with the correct Fiscal Year (FY) purchase order number. Invoices received in a Department are to be attached to the TechBuy purchase order as a “Comment” and Accounts.Payable@ttuhsc.edu is to be added to the “Comment”.

d. The official remit to address for TTUHSC is; TTUHSC Accounts Payable, PO Box 5970, Lubbock TX 79408-5970 or by email Accounts.Payable@ttuhsc.edu.

e. Attaching invoices to TechBuy documents will not automatically trigger a payment to be processed. Accounts Payable must be notified directly by the submitter each time an invoice is added by comment in TechBuy.

3. Prompt Pay Law

State law requires payments to be scheduled in accordance with Texas Government Code, Chapter 2251, which outlines the procedures for the payment of goods and services and the

HSC OP 72.10
Page 1 of 2
December 29, 2016
procedure for calculating and paying interest on late payments. A payment is considered late on
the 31st day after the later of (1) the date the receipt of the goods or the performance of service
is complete, or (2) the date of receipt of the invoice.

a. It is the responsibility of the department to submit invoices to Accounts Payable in a
timely manner in order to avoid late interest charges. Departments should attach all
invoices in TechBuy as a comment and notify Accounts.payable@ttuhsc.edu as soon as
possible, but they must be attached within at least 21 days of receipt of goods and
services. All invoices received from departments are processed in the same workflow as
invoices that are sent directly to Accounts Payable from the vendor.

b. Consistent assessment of late interest is an indication a department is not in compliance
with this policy. A late interest report is routinely generated and reviewed by upper
management. If a department exhibits a history of failing to comply with this policy,
Accounts Payable will exercise its authority to contact the vendor(s) and request the
change of billing address to Accounts Payable.

c. The current interest rate for calculating late interest is 4.5%. Interest on late payments is
automatically calculated and posted to a local FOP on account 780600. Late interest will
not be assessed on payments processed on local funds when the interest is $5 or less.

d. If there is a dispute or other extenuating factors that should be considered to avoid
interest, Attachment A should be completed and attached to the invoice when submitting
for payment processing. An online data entry form for Attachment A can be found at
http://www.fiscal.ttuhsc.edu/busserv/ap/collateral/Attachment%20A%20for%20OP%2072
%2010%2003-30-09.pdf.

4. Disputed Invoices

Texas Government Code §2251.042 states that if an invoice is considered to be incorrect, the
vendor must be notified within 21 days of the receipt of the invoice. The notification must be
documented in TechBuy under the specific PO.

Payments will not be made on invoices until the dispute is settled. If the dispute is settled in favor
of the vendor, interest will be computed from the original payment due date. If the dispute is
settled in favor of TTUHSC, no interest will be due to the vendor.