



TEXAS TECH UNIVERSITY HEALTH SCIENCES CENTER

Operating Policy and Procedure

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 Procurement Services, with recommendations for revisions forwarded to the Executive Vice President for Finance and Operations (EVPFO) 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 submitted to Accounts Payable using the invoice management system <https://www.fiscal.ttuhscc.edu/APIInvoice>.
- 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.

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 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 of 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. The department should submit invoices to Accounts Payable using the invoice management system <https://www.fiscal.ttuhscc.edu/APIInvoice> 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 8.50%. 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 <https://www.ttuhscc.edu/administration/documents/ops/op72/op7210a.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.