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## **I. POLICY STATEMENT**

As a public institution, Texas Southern University is held to a high level of accountability for its business practices. Numerous constituencies, including students, donors, taxpayers, alumni, the State of Texas, and the federal government, have an interest in how the university expends its funds. Every reasonable effort must be made to ensure that funds are used in a responsible and appropriate manner. Faculty and staff with approval authority for expenditure transactions are expected to exercise judgment and make a good faith attempt to follow both the letter and the spirit of this policy.

## **II. PURPOSE AND SCOPE**

**The administration of Texas Southern University, being mindful of its responsibilities to manage funds from all sources which are entrusted to it for carrying out its programs and activities, deems it advisable to promulgate written guidelines and procedures for the prudent expenditure of those funds.** Such guidelines and procedures will assist the University in meeting its obligations of public accountability and responsibility to the State of Texas and to other constituencies which have made those funds available.

## **III. DEFINITIONS**

Wherever used in this document, the terms listed below will be defined as follows:

1. Texas Southern University Funds: All funds from whatever source available for expenditure by the university.
2. State Appropriated Funds: All funds included in the biennial legislative appropriation bill passed by the Texas Legislature.
2. Non-State Appropriated Funds: All funds available to the university, except those in item 3.2. above.

## **IV. POLICY PROVISIONS**

### **1. APPLICABILITY AND DELEGATION**

- 1.1 The guidelines and procedures are applicable to all funds administered by the University.
- 1.2 All University expenditures shall be consistent with applicable state and federal laws and regulations; with any restrictions, rules or regulations placed on the use

**MAPP 03.01.01 Expenditure and Use of all Funds Administered  
by Texas Southern University**

**Section**  
**Area**  
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06/24/09  
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of the funds by donors and granting or contracting agencies; and with prudent management practices. In addition, all expenditures must be reasonable and necessary for carrying out the programs and activities of the University, and shall be documented in a way which clearly substantiates such reasonableness and necessity.

- 1.3 The state's prompt pay law requires most vendor payments paid with state appropriated funds that exceed \$5,000 to be sent by the 30th calendar day after the latest of the following:
  - a. The day the university received the goods;
  - b. The day the vendor completed performing its services; or
  - c. The day the university received the invoice for the goods and services.
- 1.4 If the university does not mail or electronically transmit a payment to a vendor or the vendor's financial institution by the applicable due date, then the university is liable to the vendor for interest in compliance with the following provision:
  - a. Beginning on the day after the payment is due, interest accrues on the unpaid balance at the rate specified by the State Comptroller's Office. The interest ceases to accrue on the date the university mails or electronically transmits the payment to the vendor or the vendor's financial institution.
  - b. When payment is made with state-appropriated funds, late interest accrued of \$0.01 or more must be paid. When payment is made with local funds, late interest accrued of \$5.01 or more must be paid.
- 1.5 The President has delegated to the Chief Financial Officer the implementation of these guidelines.
- 1.6 Transaction approval authority: The Chief Financial Officer shall define a procedure for establishing transaction approval authority on all funds.

**2. DOCUMENTATION STANDARDS**

- 2.1 Requests for expenditures against all funds of the university shall be fully documented in accordance with these guidelines prior to authorization for payment. Specific documentation requirements for travel and university business entertainment are contained in other administrative memoranda and, therefore, are not addressed in this section.

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- 2.2 Before expenditures are incurred against any university funds, there must be evidence that purchasing guidelines have been adhered to, thereby ensuring that a valid commitment of the university funds has been made. Obligations incurred by any university employee that is contrary to these purchasing guidelines become personal obligations of the employee and not of the university.
- 2.3 Every expenditure request must be approved by the appropriate authority for the cost center against which that expenditure is requested. An up-to-date list of authorized transaction approvers is to be maintained with the Accounts Payable office . The Chief Financial Officer is responsible for updating this list. Requests for expenditures not meeting the documentation standards and other guidelines contained in this document must be rejected, with the reason for such rejection clearly stated in the documentation. Unless the problem is resolved by the requesting authority, the payment will not be approved.
- 2.4 Normally, payment for purchases of materials and services require the following supporting documents:
- a. An original invoice from the vendor;
  - b. A receiving report approved by the individual actually receiving the material and/or the individual authorized to inspect material and certify receipt of materials;
  - c. A copy of the purchase order or other document authorizing the commitment of funds and shipment of the materials; and
  - d. Any other pertinent documents.
- 2.5 Petty cash purchases should be in compliance with the University’s MAPP entitled “Petty Cash Procedures.”
- 2.6 Payments for previously approved contractual commitments shall be made against properly detailed invoices or progress payment requests that have terms consistent with the terms of the contract. The original contract must be on file in the appropriate department as stipulated in the University's guidelines. All contracts shall be reviewed and executed in accordance with the University’s MAPP 08-04.01“Contract Administration.”

**3. RESTRICTIONS ON EXPENDITURES**

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- 3.1 The State of Texas General Appropriations Act forbids the System from using state appropriated funds for various types of expenditures. A list of expenditure restrictions with state-appropriated funds may be found in the following locations:

General Appropriations Act (specifies state funds appropriated each biennium and restrictions on those funds): <http://www.lbb.state.tx.us/>

Texas Comptroller's eXpendit (summarizes non-travel expenditure rules):

<https://fmx.cpa.state.tx.us/fm/pubs/purchase/>

Texas Comptroller's Textravel (summarizes travel expenditure rules):

<https://fmx.cpa.state.tx.us/fmx/travel/texttravel/>

- 3.2 Funds from the Higher Education Assistance Fund (HEAF) may only be used for the purpose of:
- a. Acquiring land with or without permanent improvements,
  - b. Constructing and equipping buildings and other permanent improvements,
  - c. Major repair or rehabilitation of buildings or other permanent improvements,
  - d. Acquisition of capital equipment, library books and library materials, or
  - e. Payment of debt service for bonds issued under Article VII, Section 17 of the Texas Constitution to finance any of the above with the exception of "d.", or to refund bonds or notes issued under Article VII, Section 17 of the Texas Constitution or prior law. HEAF funds may not be used to finance student housing, intercollegiate athletics, auxiliary enterprises or advanced payment for any purpose.
  - f. Payment of debt service for construction, major repair or rehabilitation, or other permanent improvements where the direct costs are eligible for use of HEAF funds.

See the Texas Constitution, Article 7, Section 17, for HEAF restrictions:  
<http://www.statutes.legis.state.tx.us/>