

# Tennessee Technological University

## Accounting Policies and Procedures

Revision 1.0.J  
TTU Business Office

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# Accounting Policies and Procedures

## Budget Control

Accounting policies and procedures established for Tennessee Technological University are outlined herein. These policies and procedures conform to rules and regulations promulgated by the Tennessee Department of Finance and Administration, Tennessee Higher Education Commission and the Comptroller of the Treasury and are in compliance with the policies and procedures issued by the Tennessee Board of Regents.

### 1.1 University Budget

Tennessee Technological University prepares a budget each year under guidelines promulgated by the Tennessee Board of Regents, the Tennessee Higher Education Commission and the Tennessee Department of Finance and Administration. After the budget is prepared and approved or amended by these agencies, it becomes an operating document and source of authority for University expenditures for the ensuing fiscal year.

### 1.2 Notification to Departments

**1.2.1** Each department is notified of available funds by a copy of the printed budget document. This establishes the extent of authority of a department to incur obligations and make expenditures. No administrative unit is to exceed the available balance.

**1.2.2** Funds are budgeted and allotted to the following objects, as required, in administering a particular program:

- 1100 Salaries - Administrative/Professional
- 1200 Salaries - Academic/Professional
- 1300 Salaries - Supporting
- 1400 Salaries - Student
- 2000 Employee Benefits
- 3000 Travel
- 4000 Operating Expenses
- 8000 Equipment

**1.2.3** Requisition balances must be maintained by the various departments for (1) student salaries, (2) travel, (3) operating expenses, and (4) equipment.

### 1.3 Object Classifications and Definitions

Items not provided for in the definitions listed below must be approved by the Director of Purchasing prior to purchase or requisitioning.

**1.3.1 Personal Services** Includes all compensation to which an individual is entitled for personal services rendered while an employee of the institution. An employee is an "individual who performs services subject to the will and control of an employer both as to what shall be done and how it shall be done. It does not matter that the employer permits the employee considerable discretion and freedom of action, so long as the employer has the legal right to control both the method and the result of the services." (IRS Circular E). Included as personal services are salaries, wages, and other payments for which personal services were or will be required.

- A.** Salaries-Administrative/Professional Personal services of employees who are listed as object 1100 in the Personnel Section of each budget and who would be exempt employees under overtime provisions of the Fair Labor Standards Act.
- B.** Salaries-Academic/Professional Personal services of employees who are listed as object 1200 in the Personnel Section of each budget and who would be exempt under overtime provisions of the Fair Labor Standards Act.
- C.** Salaries-Supporting Personal services of employees who are listed as object 1300 in the Personnel Section of each budget and who would be subject to overtime provisions of the Fair Labor Standards Act.
- D.** Salaries-Student Personal services of employees who are listed as object 1400 in the Personnel Section of each budget and who are employed under a "student employment" program.

**1.3.2 Employee Benefits** Expenses paid on behalf of a person in employment status and which provide some personal benefit to the employee as follows:

- A.** Retirement - TCRS - State
- B.** Retirement - TCRS - Faculty
- C.** Retirement - ORP - (Administrative Staff & Faculty Only)
- D.** FICA - TCRS - State
- E.** FICA - TCRS - Faculty
- F.** FICA - ORP - (Administrative Staff & Faculty Only)
- G.** Group Insurance
- H.** Unemployment Compensation
- I.** Employee Scholarships
- J.** Other Employee Benefits

**1.3.3 Travel** Includes transportation, meals, lodging and related expenses reimbursed or paid by the institution for personnel in travel status as indicated below:

- A.** Travel - Individual - In-State.
- B.** Travel - Individual - Out-of-State

Includes travel by regular employees, individual students or participants in institutional activities. Included are meal allowances, automobile mileage allowances, tickets on commercial carriers, taxi fares, motel and hotel

accommodations, registration fees at conventions and other meetings and rental charges for vehicles used in travel.

- C.** Travel - Teams and Groups - In-State.
- D.** Travel - Teams and Groups - Out-of-State.

Includes travel expenses for athletic teams, bands, debate teams and similar groups when traveling together.

- E.** Travel - Visitors - In-State.
- F.** Travel - Visitors - Out-of-State.

Travel expenses for visitors or guests of the institution who are not traveling as a result of being an employee, student or participant under a grant or contract for the institution. Includes prospective employees.

### **1.3.4** Printing, Duplicating and Film Processing

Cost of printing various materials and publications, duplicating materials and processing film.

- A.** Printing of Supplies - (Internal)

Printing of tags, envelopes, letterheads and other forms which are printed by an institutional printing department for use in offices and instructional activities.

- B.** Printing of Supplies - (External)

Printing of tags, envelopes, letterheads and other forms which are printed outside the institution for use in offices and instructional activities.

- C.** Duplicating and Copying - (Internal)

Cost of having materials duplicated or copied within the institution at a transfer rate.

- D.** Duplicating and Copying - (External)

Cost of having materials duplicated or copied which is paid to parties outside the institution, including equipment rental and maintenance and duplicating supplies.

**E. Film Processing**

Cost of having film developed or processed including photographs, microfilm, microfiche and similar services.

**F. Printing of Publications - (Internal)**

Cost of printing pamphlets, booklets, bulletins, handbills, newspapers, books and similar items by an institution-owned printing or service department.

**G. Printing of Publications - (External)**

Cost of printing same items as included in "Internal" except that the printing cost is incurred outside the institution.

**H. Other Printing, Duplicating and Film Processing**

Other printing, duplicating and binding not included in any of the above categories. Included would be the purchase of photographic services from both institutional and non- institutional agencies.

**1.3.5 Utilities and Fuels Cost of utilities.**

- A. Electricity** - Cost of electric utility service.
- B. Water and Sewage** - Cost of water and sewage utility services.
- C. Natural Gas** - Cost of natural gas utility services.
- D. Coal** - Cost of coal acquired for use in utility services.
- E. Fuel Oil** - Cost of fuel oil acquired for use in providing utility services.
- F. Other Utilities and Fuels** - Cost of other utilities and fuels not included in the above.

**1.3.6 Communications and Shipping Costs**

Cost of communication services and of having mail and materials transported.

- A. Telephone - Local Charges** - All basic telephone costs, including basic line charges, installation charges, listings, etc.
- B. Telephone - Long Distance** - Long distance toll charges, WATS lines and telegraph costs.
- C. Postal Charges** - Cost of postage and related items such as box rentals.

- D. Freight and Express Charges - Freight and express charges not included in cost of merchandise. Freight and shipping charges on supplies and other items generally should be charged to the same object as the item acquired.
- E. Other Communications and Shipping Costs - Communications and shipping costs not included in the above object classifications.

### 1.3.7 Maintenance/Repairs/Services by Others

Includes cost of maintenance services performed or repairs made. Repairs to motorized equipment should be charged to Motor Vehicle Operations. All supplies, materials or equipment purchased by the institution for use in performing maintenance or repairs should be charged to another object code as appropriate.

- A. Maintenance/Equipment - Cost of routine repairs and maintenance of office, plant equipment, laboratory, instructional and other equipment.
- B. Maintenance/Building - Cost of upkeep in maintenance of buildings and facilities, including linen and towel service, garbage pickup, janitorial service, fire protection and pest control.
- C. Maintenance/Grounds - Cost of upkeep of grounds.
- D. Pro-Rata Plant Allocations - Costs of maintenance and operation of plant which are allocated or charged to Auxiliary Enterprises.
- E. Other Maintenance/Repairs - Maintenance repairs and services not included in any of the above objects.

### 1.3.8 Professional and Administrative Services

Expenses for professional and administrative services.

- A. Professional Services - (Internal) - Services rendered by an institutional department. Includes institutional support allocation to Auxiliaries.
- B. Data Processing Services - (Internal) - Cost of data processing services rendered by institution.
- C. Data Processing Services - (External) - Cost of data processing services rendered by a non- institutional agency.
- D. Consulting Services - Professional services rendered by non-institutional personnel including architects, accountants and engineers.
- E. Medical Services - Cost of medical services rendered by non-institutional employees. Includes doctor, hospital and similar costs.
- F. Legal Services - Cost of legal services by non- institutional employees.
- G. **Advertising Services - Cost of advertising including notices to the general public for any purpose.**
- H. Dues and Subscriptions - Cost of professional dues, periodicals, journals, etc. Periodicals or other subscriptions which are part of organized libraries are not included in this object classification.
- I. Other Professional and Administrative Services - Includes court costs, appraisal fees, honorariums, notary costs.

### 1.3.9 Supplies

Includes a variety of tangible items which, when applied to the use to which they are adapted, are consumed or if not consumed are of small unit value and subject to loss.

- A. Office Supplies - The cost of such supplies as bond paper, envelopes, folders, ink, pencils and other items necessary for the proper operation of an office.
- B. Instructional Supplies - The cost of supplies ordinarily used for classroom or general education purposes such as examination papers, visual aids, glass tubes, beakers, etc.
- C. Operational Supplies - The cost of those items necessary for operations which are not covered in another category. For example, dishes, silverware, paper cups, household articles, clothing, etc.; supplies for the print shop; recreational supplies; janitorial/maintenance supplies; and agricultural supplies.
- D. Other Supplies - Supply items not classified in any of the above categories.

### 1.3.10 Rental and Insurance

Amounts paid for lease or rent and insurance premiums.

- A. Rent or Lease of Building Space - Payments for the occupancy of buildings for office space, storage, etc.
- B. Rent or Lease of Land - Payments for the use of land; for example, agricultural, recreational and other purposes including easements.
- C. Rent/Lease Data Processing Equipment - Payments for the use of data processing equipment.
- D. Rent/Lease of Other Equipment - Payments for the use of equipment excluding data processing and duplicating equipment.
- E. Insurance - Insurance payments or premiums, including surety bonds.
- F. Other Rental/Insurance - Rental and insurance costs not included in any of the above object classifications.

### 1.3.11 Motor Vehicle Operation

Includes all expenditures for the operation and maintenance of motorized equipment including automobiles, trucks, tractors, heavy road machinery, firefighting equipment, airplanes, boats, lawn mowers and various other motors used for operating sawmills, generators, etc.

- A. Motor Fuel, Oil, Lubricants - Cost of gasolines, diesel fuel, kerosene, oil and lubricants.
- B. Tires and Tubes - Cost of tires and tubes for all purposes.
- C. Accessories and Parts - Cost of accessories and parts not included in cost of repairs.

- D. Repairs - (External) -** Cost of parts installed and labor charges by a non-institutional agency.
- E. Other Motor Vehicle Operation -** Includes cost of titles, license plates, etc.

### **1.3.12 Awards and Indemnities**

Payments made to individuals as a result of awards or indemnity for claims which are not based on or related to services rendered or to be rendered.

- A. Scholarships -** Amounts provided to students as scholarships.
- B. Fellowships -** Amounts identified as fellowships and awarded to students.
- C. Athletic Scholarships -** Costs of student athletes who are engaged in intercollegiate athletics. Included are fees and other student charges, meals, lodging, books, laundry, allowances, etc.
- D. Fee Remissions - Sponsored Projects -** Enrollment or registration fees paid or remitted under sponsored grants and contracts.
- E. Fee Remissions - Statutory -** Fee remissions for senior citizens, handicapped or others under provisions of state law. Does not apply to employees.
- F. Awards to Employees -** Includes cost of all awards recognizing meritorious service by employees.
- G. Other Awards and Indemnities -** Awards and indemnities not included in any of the above object classifications.

### **1.3.13 Grants and Subsidies**

Amounts provided to agencies, institutions or individuals in the form of a grant or subsidy which may not be identifiable with a particular cost but are made to offset all or a portion of costs which the recipient may be expected to incur in carrying out some activity or function.

- A. Grant/Subsidies - Organizations -** Grants and subsidies to counties, cities, state agencies, associations, commissions, clinics, hospitals, institutions, school districts and other organizations.
- B. Grants/Subsidies - Individuals -** Grants or subsidies made to individual persons, including housing allowances.
- C. Training Costs for Employees -** Includes tuition, enrollment fees, books, training fees, etc., for employer-directed training.
- D. Other Grants and Subsidies -** Grants/subsidies not included in any of the above object classifications.

### **1.3.14 Other Services and Expenses**

Specific services and expenses not charged in any other object group, and services and expenses not identifiable with any other object classification.

- A. Cash Short and Over - The amount of cash over and short from any reconciliation of receipts to actual funds deposited.
- B. Bad Debts - The amount of accounts receivable written off as uncollectible or the provision for doubtful accounts charged to current operations.
- C. Renewal and Replacement Charges - Current year depreciation for Service Centers.
- D. Other - Unclassified - Any other expense which cannot appropriately be included in any other object classification.

### 1.3.15 Stores for Resale, Re-Issue or Manufacture

Various items acquired for resale, re-issue or manufacture such as textbooks, bookstore supplies for resale, foods acquired by cafeterias and similar items.

### 1.3.16 Equipment

Any physical resource (other than land, buildings or permanent attachments thereto) that benefits a program for more than one year and costs in excess of \$500.00, except computer hardware which is equipment regardless of cost. This definition does not apply to library books.

- A. Office Equipment - Cost of all articles of furniture and equipment necessary to an office.
- B. Operational Equipment - Includes the cost of equipment necessary for the operation of a department which is not covered elsewhere. For example, data processing equipment, printing presses, dressers, stoves, motor vehicles and other furniture and equipment.
- C. Instructional Equipment - This item includes all equipment used in the educational plant such as desks, chairs and tables; gymnasium apparatus and other equipment used in schools, parks, playgrounds or other recreational centers; laboratory specimens and collections purchased for educational and research purposes; and similar items.
- D. Livestock - Farm animals, including horses, cattle, poultry, swine and other domestic animals except those used for experimental purposes in a laboratory.
- E. Other Equipment - This code is to be used for the cost of all equipment not otherwise classified.

### 1.3.17 Land

This object includes all purchases of land made by the institution for the erection of buildings, storage, rights-of-way, game preserves, forests, parks and other uses.

- A. Purchase of Land - Land acquired by purchase.

- B. Site Development/Improvement** - This object should include all costs for landscaping, grading, clearing and demolition of old buildings not specifically performed for other improvements.
- C. Other Land** - Other land costs.

### **1.3.18 Building**

This object includes all building costs including purchases, construction, improvements and renovations.

- A. Purchase of Buildings** - Cost of buildings for occupancy purposes.
- B. Construction of Buildings** - Includes cost of new construction, additions and renovations.

### **1.3.19 Improvements Other Than Buildings**

Capital outlay costs that are not classified as equipment, land, buildings or library holdings.

- A. Parking Lots/Streets/Walks, etc.** - Cost of installing and paving parking lots, streets, sidewalks and similar paved areas.
- B. Utility System/Maintenance/Operation of Plant Improvement** - Cost of constructing and installing underground utility distribution systems and other non-building permanent improvements for the operation of Maintenance and Physical Plant. Included are telephone distribution lines owned by the institution, central utility monitoring systems, central clock, etc.

### **1.3.20 Library Holdings and Binding**

Items added to the permanent collection of organized libraries for use of patrons. Items classified in this group of objects should be catalogued or indexed and available for use by patrons of the institution's libraries.

- A. Books** - Books required for addition to the library.
- B. Periodicals** - Includes subscriptions to magazines and collections.
- C. Binding** - Cost of rebinding books or having magazines placed in permanent binders.
- D. Films** - Film strips and similar materials.
- E. Microform** - Microfilm, microfiche and similar materials.
- F. Other Library Holdings and Binding** - Other library holdings not included in the above object classifications.

### **1.3.21 Transfers and Debt Service**

Amounts transferred to other funds and treated as an expense or transfer item and amounts paid from operating funds for interest.

- A. Transfers/Debt Retirement-Mandatory - Amounts transferred to Funds for Retirement of Indebtedness as a mandatory transfer.
- B. Transfers/Debt Retirement-Non-Mandatory - Non- mandatory transfers to Funds for Retirement of Indebtedness.
- C. Transfers/Renewal-Replacement-Mandatory - Mandatory transfers to Funds for Renewal and Replacement.
- D. Transfers/Renewals-Replacement-Non-Mandatory - Non-mandatory transfers to Funds for Renewal and Replacement.
- E. Other Debt Service - Debt service costs not included in any of the above object classifications.
- F. Other Mandatory Transfers - Mandatory transfers not classified above.
- G. Other Non-Mandatory Transfers - Non-mandatory transfers not classified above.

### **1.3.22 Department Revenues, Service Charges and Allocations**

Credit posted to expenditure accounts for sales and/or service charges by service departments, student activities, various minor sales or other activities.

- A. Revenues - Cash sales and charges.
- B. Service Charges - Charges to other institutional accounts.
- C. Student Activities Revenue - Admissions, fees, advertising sales, etc.
- D. Pro-Rata Plant Allocations - The credit for cost allocated to Auxiliary Enterprises which would have been charged under the classification of Pro-Rata Plant Allocation under "Maintenance/Repairs/Service by Others."
- E. Institutional Support Allocations - The credit for institutional support allocations made to Auxiliary Enterprises which would have been charged to the auxiliaries under the classification "Professional/Administrative Services by Institutional Department."
- F. Data Processing Allocations - The credits for institutional allocation of data processing costs which would have been charged under the object classification "Data Processing Services by Institutional Department."

## **1.4 Request for Revision in Budget**

**1.4.1** When it is necessary to transfer funds between accounts or between objects within an account, a "Request for Revision in Budget" form (See Exhibit A-1) should be completed giving particular emphasis to justification. Copies 1, 2, and 3 should be forwarded to the appropriate Dean or Administrative Officer for approval. Copy 4 should be retained for departmental records. A copy should be made by the department, if needed, of requests initiated by project directors. If approval is given by the Dean or Administrative Officer, copies 1, 2, and 3 should be forwarded to the Business Office to the attention of the individual assigned as the Budget Analyst for the department involved. If approval is not granted by the Dean or Administrative Officer, all copies should be returned to the requesting department.

Upon receipt from the Dean or Administrative Officer, appropriate personnel in the Business Office will review the request, seek additional information or documentation, if needed, and present it to the President or his designee for approval. If approved, updates will be made and copy 2 of the request form (stamped with "Processed" and the date) will be returned to the appropriate Dean or Administrative Officer. If the request is not approved, copy 2 will be returned via reverse channels with explanatory comments. Additional approval may be required of the Tennessee Board of Regents, the Tennessee Higher Education Commission, and the Department of Finance and Administration.

**1.4.2** Impoundments and/or unallotted funds, if any, can be released only with the approval of the President or his designee. Requests for the release of an impoundment and/or unallotted funds should be submitted on a Request for Revision in Budget form. The account name, account number, object number and amount of funds requested to be released should be listed on the "Increase" side of the form. Section II (Justification) should include a notification that a request for release of impoundment is requested. Full documentation and complete justification should be provided. The same routing procedure as noted above applies. The requisition balance should not be adjusted for the amount of the requested transfer until copy 2 of the processed request is received.

**1.4.3** The procedures for revising the budget as a part of the annual "October Revision" are issued annually by the President. These procedures vary from year to year as necessary to comply with directives of the Tennessee Board of Regents applicable to the year involved and budget to be revised.

## **Accounting for Expenditures**

The following policies and procedures are established to account for expenditures as required by the Tennessee Code Annotated, the Tennessee Board of Regents, the Comptroller of the Treasury, Tennessee Higher Education Commission and the Department of Finance and Administration.

### **2.1 Submission of Invoices in Duplicate**

All vendors are requested to submit invoices in duplicate to the Business Office.

### **2.2 Billing**

An invoice should not be billed to an individual (John Smith, Tennessee Tech), but to his attention (Tennessee Tech, Business Office, Attention: John Smith).

### **2.3 Signatures Required on Invoices**

The name of the person responsible for the budget against which the expenditure is to be charged must be signed on the invoice. The signature represents a certification that the goods or services have been received by and for the benefit of Tennessee Technological University and, therefore, serves as the receiving report.

### **2.4 All Invoices Are to be Paid Promptly**

All invoices must be processed for payment consistent with the invoice due date or discount date. Any problem which prevents this schedule from being followed should be communicated promptly to the Supervisor, Accounts Payable in the Business Office.

Invoices not received in the Business Office within thirty days must be returned with a memorandum explaining the delay. The thirty-day period begins with the date the invoice was distributed by Business Office personnel; for those invoices received directly by the department, the thirty-day period begins with the stamped date the invoice was received in the department or the invoice date, if not stamped.

### **2.5 Reconciliation of Expenditure Reports Required**

Departmental personnel must reconcile the computerized expenditure reports with the requisition balances each month. (See [Accounting Policies and Procedures, Section 5](#))

### **2.6 Use of Personal Funds Discouraged**

Personal funds should not be used to make University purchases.

# Procedures for Payment of Invoices, Interdepartmental Transfers and Requests for Payment

## 3.1 Receipt and Distribution of Invoices

When invoices are received by the Business Office, they are stamped as follows:

Req. No. \_\_\_\_\_  
Account No. \_\_\_\_\_  
P. O. No. \_\_\_\_\_  
Approved \_\_\_\_\_

The invoices are then sent to the applicable department where the above information is inserted. Once the information is provided, the invoices are returned to the Business Office for payment.

## 3.2 Processing of Invoices for Purchases Previously Requisitioned

**3.2.1** Requisitions for purchases are described in [TTU Procurement Manual](#).

**3.2.2** When an invoice is received for an item which has previously been requisitioned and a purchase order previously issued and for which the goods/services have been received, the information requested on the stamp (see above) should be completed and the invoice returned to the Business Office. If the invoice cannot be processed due to a problem with the vendor or the merchandise, the Supervisor of Accounts Payable in the Business Office should be notified.

**3.2.3** A department that receives, retains, and is invoiced for a quantity greater or less than the purchase order amount should make an adjustment when reconciling the monthly expenditure report. (See [Accounting Policies and Procedures, Section 5](#) and the [TTU Procurement Manual](#)).

## 3.3 Processing of Invoices for Purchases Not Previously Requisitioned-Purchase Order Not Required

When an invoice is received for a purchase which has not been previously requisitioned and for which a purchase order is not required, the data requested on the stamp (See Accounting Policies and Procedures, Section 3.1 above) should be completed. The invoice should be returned to the Business Office along with a requisition(s).

### **3.4 Processing of Invoices for Purchases Not Previous Requisitioned-Purchase Order Required**

When an invoice is received which has not been previously requisitioned and for which a purchase order is required, the data requested on the stamp (See Accounting Policies and Procedures, Section 3.1) should be completed. The invoice should be returned to the Business Office along with a requisition(s). The invoice must be further supported by a memorandum requesting a confirmation purchase order and explaining the circumstances which necessitated the purchase outside the purchasing procedures. (See the [TTU Procurement Manual](#)).

### **3.5 Interdepartmental Transfers**

An Interdepartmental Transfer ([See Exhibit A-2](#)) is a form of payment from one department to another for services rendered or supplies used. The department initiating the transfer will prepare the transfer in triplicate.

**3.5.1** A transfer that is initiated by the department being credited is processed as follows:

The white original and yellow duplicate are sent to the Business Office. The blue duplicate is retained by the department originating the transfer. The original copy of the transfer is processed and retained by the Business Office. The yellow duplicate is stamped "processed" and returned to the department charged.

**3.5.2** For transfers that are initiated by the department being charged and which are used for purchases at Printing Services and the Library, the following procedures should be used:

- A.** The department making the purchase should complete the following parts of the form:

Date  
Names and numbers of accounts to be charged  
Charge approved

All three parts of the form should then be taken to Printing Services or the Library.

- B.** Personnel in the Library or Printing Services should complete the following parts of the form:

Name and number of account to be credited  
Quantity, descriptive information and cost of each item  
Total Credit approved

The signature of the departmental representative receiving the merchandise must be obtained. Copy 1 and Copy 2 should be forwarded to the Business Office for processing. Copy 3 is retained by the department credited.

### **3.5.3 Bookstore IDTs**

For purchases made at the University Bookstore, a blank IDT will not be necessary. Bookstore personnel will enter the purchases on computer and will provide the individual with a computer printed interdepartmental transfer. Before signing, the individual receiving the purchases should verify the account number and the amounts listed on the IDT. To assist in maintaining departmental records, the purchaser will receive a copy of the transfer at the time of purchase.

The original IDT and a second copy will be sent by bookstore personnel to Accounts Payable for coding and processing. After processing, the second copy will be stamped "processed" and returned to the department charged. The original transfer will be retained in Accounts Payable files.

**3.5.4** For security and internal control purposes, the departmental representative may be required to present his/her University I.D. Card when making purchases at the University Store, Printing Services and Library. All such representatives should be advised of the possibility of this request to avoid conflict and embarrassment.

## **3.6 Procedures for Preparing Requisitions**

**3.6.1** Requisitions are prepared in triplicate with the first and second copies sent to the Business Office through the appropriate Dean or Administrative Officer.

**3.6.2** All requisitions should be typed.

**3.6.3** All requisitions from unrestricted funds (e.g. regular departmental budgets) must be numbered beginning with No. 1 at the beginning of each fiscal year (July 1). Requisitions applicable to the fiscal year just ended and processed after June 30 should be dated as of the last working day of the year just ended, and the consecutive numbering sequence should be continued. Requisitions from grants (restricted accounts) should be numbered consecutively throughout the duration of the grant. (See [Accounting Policies and Procedures, Section 12](#))

**3.6.4** All requisitions should be dated and must provide the departmental account number.

**3.6.5** The beginning balance on requisitions for travel, supplies and expense, equipment and student salaries should be the allotment amount.

**3.6.6** Corrections for amounts of previous requisitions should be made from the monthly expenditure reports. All adjustments should be identified to aid in reconciling the monthly expenditure reports.

**3.6.7** The total amount of the requisition should be subtracted from the adjusted balance.

**3.6.8** The name of the College or the School and Department for which the requisition is made must be inserted.

**3.6.9** Signatures of the requisitioner, the Departmental Chairperson and the Dean or Administrative Officer are required. Signature stamps may not be used on the original copy.

**3.6.10** If there are several invoices from the same vendor, all supply and expense items should be submitted on one requisition. Likewise, all equipment invoices from the same vendor should be submitted on one requisition. ([Exhibit A-3](#))

The expenditures should be classified by type, such as Office Supplies, Instructional Supplies, Printing of Supplies (External), etc. as outlined in the object classifications. (See [Accounting Policies and Procedures, Section 1.3](#))

**3.6.11** Regardless of the disposition, a copy of each requisition forwarded to the Business Office should be maintained in the originating department's files.

**3.6.12** When the white copy of the requisition is returned from the Business Office, if the amount paid by the Business Office is more or less than the requisitioned amount, the adjustment should be made at the end of the month when the expenditure reports are received. (See [Accounting Policies and Procedures, Section 5](#))

**3.7 Request for Payment Request for payment is an instrument used for payment when the normal invoicing procedure is not applicable. A payment of this nature should have supporting documentation which justifies the payment.**

**3.7.1** The following is a list of examples where a request for payment is required:

- A. From a trust or agency fund to an individual or campus organization.
- B. From a restricted account for student support, stipends, refunds, etc.
- C. For student refunds.
- D. For advance registration.

[\(PDF\)Conflict Of Interest Vendors February 2011 \(PDF\)](#)

## General Travel Policies and Procedures

Authorization for travel will not be granted and expenses will not be reimbursed unless the travel is made and reimbursement claimed in accordance with the Tennessee Board of Regents' (TBR) policy 4:03:03:00 which can be referenced on TBR's website at <http://www.tbr.edu/policies/default.aspx?id=1050>. However, there are additional TTU policies and procedures which are more conservative than TBR policies that must be followed. (See Section 4.1, 4.2, 4.3)

### 4.1 Additional Policies

**4.1.1** Procurement cards may be used for the payment of registration fees and required advance payments for airline; however, TTU procurement cards should not be used for hotel payments.

**4.1.2** Out-of-country per diem expenses will be reimbursed at the maximum CONUS rate for out-of-state per diem rather than actual expenses with receipts.

### 4.2 Procedures for Preparing Travel Requisitions

**4.2.1** Prepare travel requisitions in triplicate with the first and second copies to be sent to the Business Office through the appropriate approving authority. The third copy is retained by the requisitioner. (See [Exhibit A-4](#)).

**4.2.2** Type all requisitions.

**4.2.3** Number all requisitions, other than grants, beginning with No. 1 at the beginning of each fiscal year (July 1).

**4.2.4** Date all requisitions and insert Account Number.

**4.2.5** For the beginning balance on travel requisitions, insert the allotment amount for travel.

**4.2.6** Make corrections and adjustments for amounts from the monthly expenditure report. Identify all adjustments to aid in reconciling to the monthly expenditure reports. (See [Accounting Policies and Procedures, Section 5](#))

**4.2.7** Subtract the total estimated amount of the travel from the adjusted balance.

**4.2.8** Insert name of college or school, department, and person submitting the requisition for travel.

**4.2.9** Complete the estimate of expenses by indicating all proposed methods of travel and expenses in accordance with provisions outlined in TBR policy.

**4.2.10** Obtain proper signatures. The requisitions must be signed by claimant, and the appropriate approving authority.

**4.2.11** If registration fees are to be prepaid, the requisition for travel must be forwarded to the attention of the Supervisor, Accounts Payable Section of the Business Office. Such requisitions must be accompanied by a Request for Payment and a copy of the material which enumerates the cost of registration. After payment has been made, the original and second copy of the travel requisition will be returned to the Dean's Office.

**4.2.12** After the travel is completed, the "actual" section of the requisition should be completed. ([See Exhibit A-5](#)). The requisition for travel, the completed claim and all supporting documentation should be forwarded through appropriate channels to the Business Office.

**4.2.13** A copy of each requisition and claim should be retained in the originating department's file at all times.

**4.2.14** The actual expenses reimbursed section will be completed by Accounts Payable personnel and the second copy will be returned to the Dean's office.

**4.2.15** When payment for travel is to be made from two or more accounts, a travel requisition should be prepared for each account from which part of the estimated expense is to be paid. After the travel has been completed, the multiple requisitions should be attached to one travel claim with proper notations as to the amount to be paid from each account.

### **4.3 Procedures for Preparing Claims**

**4.3.1** The "Claim for Traveling Expenses" form (See Exhibit A-7) shall be used for reimbursement of expenses.

**4.3.2** After approval by the appropriate approving authority, the original "Claim for Traveling Expenses" along with copies 1 and 2 of the travel requisition and related documentation are to be transmitted to the Business Office. A copy of the "Claim for Traveling Expenses" form and copy 3 of the requisition are to be retained in suspense until copy 2 of the requisition is returned by the Business Office, thereby indicating that reimbursement has occurred.

**4.3.3** A copy of the appropriate CONUS rate should be attached for each city/county traveled and highlighted.

**4.3.4** The "Mileage & Parking Claim for Use of Personal Vehicle" form (See Exhibit A-15) is for the reimbursement of mileage expenses only when using a personal vehicle for official business travel. This form may not be used for overnight trips or any expenses other than mileage reimbursement. Each day of mileage may be listed on one line and

multiple trips may be included on one form. This form does not require a requisition for processing. Only mileage for official business may be claimed.

#### **4.4 Athletic and Other Group Travel**

**4.4.1** Authorization for Athletic and Other Group travel will not be granted and expenses will not be reimbursed unless the travel is made and reimbursement claimed in accordance with the Tennessee Board of Regents' (TBR) policy 4:03:03:50 which can be referenced on TBR's website at <http://www.tbr.edu/policies/default.aspx?id=1052>.

**For University Policies and Procedures regarding Moving Expenses, please refer to Accounting Policies and Procedures, [Section 13](#).**

## **Reconciliation of Requisitions to Monthly Expenditure Reports**

### **5.1 Monthly Expenditure Report**

An expenditure report detailing the activities within departmental accounts including grant accounts is distributed monthly. It contains a summary of expenditures by account code and a detailed summary of items paid during the month.

### **5.2 Reconciliation of Report Required**

This report must be checked each month and the necessary adjustments made.

### **5.3 Reconciliation of Requisition Balance to Expenditure Report**

To reconcile the expenditure report, the following procedures should be followed in reconciling supplies and expenses. Similar procedures should be followed for reconciling travel, equipment and other unrestricted line items. Restricted accounts should be reconciled in total and not by line item.

#### **5.3.1 Determine Expenditure Report Balance**

- A.** Begin with the free balance of supplies and expense.
- B.** Add total supply and expense encumbrances outstanding.
- C.** Subtract all outstanding requisitions. (Amounts of requisitions issued in or prior to the month being reconciled which have not been paid.)  
This results in an adjusted balance.

#### **5.3.2 Determine Requisition Balances**

- A. Begin with the ending balance on the last supply requisition for the month.
- B. Add or subtract any adjustments (difference in amount of requisition and amount paid such as discounts, freight or interdepartmental transfers processed).

### **5.3.3 Compare Requisition Balance to Expenditure Report Balance**

- A. Compare balance of expenditure report to the developed requisition balance. They should equal.
- B. Notify the Supervisor, Accounts Payable (or Grant Accountant, in case of restricted accounts) of any correction to be made to the expenditure report or other corrections the Business Office should make which the reconciling process reveals.

## **Cash Collection, Receipting and Reconciliation Policies**

Any department or office authorized by the Business Office to collect money from any source for Tennessee Technological University must deposit those funds with the Business Office. With prior approval from the Vice President for Planning and Finance, a department or office may deposit funds to the credit of the University into a depository designated by the Vice President for Planning and Finance. The depositor must send a deposit slip certified by the receiving bank along with an accounting of all transactions to the Business Office cashiering section. (Tennessee Code Annotated 9-227, 9-228, 9-229, 9-230, and 9-231.)

### **6.1 Approval Prior to Collection Required**

The Tennessee Board of Regents must establish or approve all institutional fees and charges unless specific exceptions are provided. Requests for new fees or changes in existing fees and charges are submitted to the Board one time per year as a part of the July Budget process.

Fees and charges which do not require Board approval must receive formal approval by the President.

### **6.2 Safeguarding of Funds and Credit Card Slips**

A procedure for safeguarding funds and credit card slips is to be established at the time an administrative unit is authorized to start collecting funds or processing credit card payments on behalf of the University. The funds and credit card slips must be maintained in a safe or a locked drawer until they are delivered to the Business Office (PCI Requirement 9.6). Access to these storage areas should be limited. For large amounts, the funds should be left in the Business Office vault overnight. Bank lock bags and night depository keys are available from the

Business Office Head Cashier for securing monies collected after Business Office hours. Any administrative unit which has not been approved as a collection agency of the institution shall deposit all funds upon receipt with a cashier in the Business Office.

Departments having a safe should have the combination changed each time there is a personnel change involving an employee having access to the combination, or every five years if there are no personnel changes. The Business Office should be notified in writing of such combination changes with documentation retained by the department for reference by Internal Audit. All sensitive data should also be handled according to the requirements in the Data Security Policy.

### **6.3 Check Endorsement/Internal Control**

Checks must be restrictively endorsed immediately upon receipt by departmental personnel. Endorsement stamps are available from the Business Office Head Cashier. A listing of payments received by mail should be prepared daily, with a follow-up verification of the receipting of each payment being made. Various fee assessment, payment listing, receipting, reconciling and depositing duties should be segregated where feasible in order to strengthen internal control.

### **6.4 Tennessee Technological University Subsidiary Receipts, Cash Register Receipts and Tickets Must Be Issued**

Official Tennessee Technological University subsidiary receipts ([See Exhibit A-9](#)) must be written by the department collecting money. Official Tennessee Technological University receipt books may be obtained from the cashiering section of the Business Office, and only those receipts will be accepted. (Tennessee Code Annotated 9-203, 9-204, 9-205, and 9-206). In limited areas having a high volume of transactions, use of cash registers has been approved. For special events, pre-numbered tickets may be used in lieu of receipts. Please reference [Accounting Policies and Procedures, Section 7](#) for more detailed receipting procedures and controls.

### **6.5 Proof of Identity Required When Transacting Business by Check**

The identity of students or others paying by check and their signature must be verified by a Tennessee Tech identification card, driver's license or other reliable identification. The student's T-number and campus post office box number or local address should appear on the check in case the check is returned. If a two-party check is presented as payment, the payee must endorse the check before it is accepted. Post-dated checks are not acceptable.

## **6.6 Payment in Full is required**

Fees or assessments should be collected in full. IOU's should never be accepted. No credit should be extended and no services should be provided, except in the case of emergency, without payment being made.

## **6.7 Deposits of Funds "Intact" Required**

All funds must be deposited by the department with a cashier of the Business Office in the form received. Checks should not be cashed from the deposit. No refunds should be given from the revenue unless procedures for such have the prior approval of the Vice President for Planning and Finance. Funds received which are not due must be deposited in the Business Office and a refund check should be requested. For example, fee payments should not be held pending the development of classes or seminars nor should payments be returned directly to the payor in the event the course does not materialize.

## **6.8 Funds must be deposited Within Two (2) Days**

Tennessee law requires all state institutions to deposit all funds into a bank designated as a depository of the institution. (Tennessee Code Annotated 9-4-301). Departments must deposit funds with the Business Office within two (2) working days of receipt. The Business Office will then transmit the funds to the bank. Daily deposits must be made by the department if the amount collected or on hand per day exceeds \$500.00. Arrangements should be made in advance for the continuance of timely deposits in the event the employee routinely making deposits is absent.

## **6.9 Limitation on Number of Employees Authorized to Write Receipts, Process Credit Card Payments, and Transport Deposits, Funds, or Credit Card Slips**

The number of employees authorized to write receipts, process credit card payments, and transport deposit, funds, or credit card slips should be limited. With the exception of graduate assistants whose work assignments include receipting and depositing duties, student employees are not authorized to write receipts, process credit card payments, or transport deposits, funds, or credit card slips. A current listing of graduate assistants who will perform such duties must have the prior approval of the Vice President for Planning and Finance. If the need arises for other students to write receipts or process credit card payments the exception must have the prior approval of the Vice President for Planning and Finance. Student employees are not authorized to transport deposits, funds or credit card slips (PCI Requirement 7.1 and 9.7.2).

## **6.10 Transporting Funds and Credit Card Slips**

No funds or credit card slips should be sent in campus mail. Personnel transporting deposits or other funds which include currency in excess of \$1,000.00 to the Business Office should request a Safety and Security escort. Personnel transporting funds to the bank for deposit or for placement into the night depository should in all cases request a Safety and Security escort. When transporting credit card slips to the Business Office, they should be marked as confidential (i.e. "Confidential" should be written on the bank bag used to transport the credit card slips)(PCI Requirement 9.7.1).

### **6.11 Departmental Report of Collections Required**

All cash, checks, and credit card slips on hand must be reconciled with the total amount received as reflected on the subsidiary receipts. A departmental report summarizing the receipt totals and the amount for deposit must accompany the deposit to the Business Office cashier. The report must be signed by the preparer, and reviewed and signed by the preparer's supervisor. The signatures must be original signatures rather than stamped or mechanically generated. In the event the supervisor is unavailable to sign the report, alternate arrangements must be made for a second signature on the report to avoid unnecessary delays in depositing funds (PCI Requirement 9.8 - 9.9).

Standard report forms are used for those departments or offices collecting money on a regular basis. For departments collecting money only occasionally, the sample form in the appendix should be followed in summarizing the deposit. ([See Exhibit A-11](#))

### **6.12 Deposits of Any "Overage" With the Business Office Required**

Any overage must be deposited with a cashier of the Business Office. Any shortage must be reported immediately to the Business Office cashiering section. A memo explaining the procedures followed to identify the reason for any material overage or shortage must be immediately forwarded to the Business Office via the appropriate academic or administrative officer. Examples of procedures to be followed are listed below:

**6.12.1** Determine if shortage or overage is in checks or cash.

**6.12.2** If it is in checks, compare checks on hand to receipts individually.

**6.12.3** Review calculations of change given as noted on receipt.

**6.12.4** Review overall to recall any unusual circumstances.

After the analysis, a conclusion should be drawn as to why the shortage or overage occurred and the conclusion noted in the memorandum.

### **6.13 Thefts**

Apparent thefts should be immediately reported to the following:

**6.13.1** Vice President for Planning and Finance

**6.13.2** Internal Audit Department

**6.13.3** University Police.

### **6.14 Storage of Non-University Funds on University Premises Prohibited**

Only Tennessee Technological University funds may be handled or stored on University premises unless specifically approved by the Vice President for Planning and Finance. The University assumes no responsibility for funds stored contrary to this procedure.

### **6.15 Proper Handling of Cardholder Information**

Cardholder information (cardholder name, primary account number, expiration date, and service code) should not be written down; should exceptional circumstances require a written record of cardholder information, then the hardcopy materials should be shredded as soon as possible but no later than 2 working days (PCI Requirement 3.2.1, 9.10, and 9.10.1). **Never** store the card verification code or value (three-digit or four-digit number printed on the back of a payment card) (PCI Requirement 3.2.2). Any hardcopy or electronic media that contains cardholder information should be secured in a safe or locked drawer (PCI Requirement 9.6).

Contact the Bursar for advance approval to process credit card payments in a situation where cardholder information will need to be written down.

### **6.16 Reconciliations**

Reconciliation between University records and bank accounts will be performed within sixty days of the end of the month being reconciled. With documented, extenuating circumstances, ninety days will be allowed for completion of this task.

# Procedures for Receipting

## 7.1 Subsidiary Receipts

Subsidiary receipts ([See Exhibit A-9](#)) are pre-numbered and bound fifty receipts to a book, each receipt having three copies. Copy 1 is to be given to the payor, Copy 2 is to be turned in to the Business Office cashier along with the money collected, and Copy 3 is to be retained by the department or office for audit purposes.

## 7.2 Numbering and Issuance of Receipts

The receipts are numbered consecutively and must be issued in that order. All subsidiary receipt numbers must be accounted for. In the case of a missing receipt, an explanatory memorandum must be provided to the Business Office cashiering section via the appropriate academic or administrative officer.

## 7.3 Total Completion of Receipt Required

The receipts must be completed, including the name of the payor, the date, the account number to be credited, the amount paid, the method of payment, the purpose of payment and the signature of the person receipting the money. If change is given, indicate the amount of the check and the amount of change. If one person is paying in behalf of another person, both names must appear on the receipt. Receipts for students must have a T-number on the receipt.

## 7.4 Handling of Void Receipts

The person voiding a receipt must write the reason for voiding and his/her signature on the receipt along with the appropriate academic or administrative officer's signature. Both Copy 1 and Copy 2 of void receipts must be filed with the Business Office cashier in numerical sequence with the second copies of valid receipts. Copy 3 of void receipts must be retained by the department or office for audit purposes. Do not destroy any copies of a void receipt. Do not mark through amounts or change the name on a receipt; rather void the receipt which has an error and refer to the next receipt.

## 7.5 Cash Register Voids

The customer's cash register receipt must be retained if a cash register transaction is voided. The cash register operator must note the reason for the void, sign the receipt and obtain the signature of the appropriate academic or administrative officer. The void receipt must be attached and submitted with the cash report.

## 7.6 Tickets in Lieu of Receipts

**7.6.1** For special events, pre-numbered tickets may be used in lieu of subsidiary receipts.

The tickets should be designed to include:

- A. The name of the event.
- B. The date of the event. A separate series of tickets should be prepared for each performance.
- C. The admission price, noting that the price includes the appropriate state sales tax. A separate series of tickets should be prepared for each admission price.
- D. A University logo or other design that can not be easily forged.

**7.6.2** Tickets must be delivered directly to the Business Office from the printer for verification before transmittal to the department. A reconciliation summarizing tickets sold, revenue collected, complimentary tickets, and unused tickets must be submitted in a timely manner to the Business Office Head Cashier after the event. ([See Exhibit A-10](#)) Tickets sold should reconcile with revenues deposited, and the number of tickets sold, complimentary tickets and unused tickets should total the number of tickets printed for the event. An explanatory memorandum must accompany the ticket reconciliation if there is any material overage or shortage of tickets or revenue.

If any complimentary tickets are issued, a listing noting the reason for the issuance, the number of tickets issued and the signature of the individual receiving the complimentary tickets is required to be submitted with the reconciliation.

# Petty Cash Funds

## 8.1 Unapproved Petty Cash Funds Prohibited

No petty cash funds shall be established without the approval of the Vice President for Business and Fiscal Affairs (Tennessee Code Annotated 9-404). If a permanent cash fund is not established for a department or office, and a temporary need arises, the request for a temporary petty cash fund will be reviewed and approved or disapproved by the Vice President for Business and Fiscal Affairs.

## 8.2 Designated Custodian Required

Each petty cash fund shall have a designated custodian named at the time the fund is established. The designation shall be in writing from the appropriate academic or administrative officer to the Vice President for Business and Fiscal Affairs and should include the custodian's signature acknowledging his/her responsibility for the fund and the amount of the fund at the time the responsibility is assumed. Any changes in the designated custodian due to personnel changes, job duty changes, etc. must also be submitted in writing to the Vice President for Business and Fiscal Affairs. Procedures for safeguarding petty cash funds will be established as a part of the approval process. The number of persons having access to funds should be limited. Safe combinations should be changed each time there is a personnel change involving an employee having access to the combination.

## 8.3 Limitations on Use of Petty Cash Funds

The petty cash funds on the University campus are primarily for change-making purposes; however, some departments may make disbursements of a specifically limited amount from their petty cash funds provided this has been approved in advance by the Vice President for Business and Fiscal Affairs.

**8.3.1** All disbursements must be documented.

**8.3.2** Such petty cash funds should be replenished at least once a month.

**8.3.3** When the petty cash fund needs to be reimbursed, the person responsible for the fund will complete a "Request for Payment" and a requisition and forward these, along with the documentation for disbursements made from the fund, to the Supervisor of Accounts Payable in the Business Office.

## 8.4 Limitation on Petty Cash Funds Used for Check Cashing Only

Petty cash funds may be used for check cashing purposes only if specifically approved by the Vice President for Business and Fiscal Affairs. Checks are generally cashed for students and University employees only.

Presently, check cashing services are being provided by the University Store. Exceptional requests are referred to the Business Office.

**8.4.1** Checks of the petty cash custodian or of employees in the department or office in which the fund is maintained may not be cashed using that petty cash fund.

**8.4.2** The identity of students or others cashing a check, and their signature, must be verified by a Tennessee Tech identification card, driver's license, or other reliable identification. The T-number and the campus post office box for students or University employees cashing checks must appear on the checks.

**8.4.3** Post-dated checks will not be accepted.

**8.4.4** Persons having two or more returned checks within one fiscal year will not be allowed to cash checks at the University for the remainder of the fiscal year. Such privilege will be resumed only after an interview is conducted by Business Office Accounts Receivable personnel with the individual involved and approval is given for resumption.

**8.4.5** Check cashing funds should be replenished daily. The fund custodian will complete a "Request for Payment" and forward this along with the checks cashed and a tape of the check amounts and the total, to the Business Office Head Cashier.

**8.4.6** Custodians of petty cash funds which are routinely reimbursed by means of a check cashed directly by the bank should request a Safety and Security escort for all trips to the bank. The fund custodian, or an authorized representative, should always accompany the security officer to the bank. The custodian should verify the cash received before leaving the bank to ensure that any errors are detected immediately.

## **8.5 Use of Petty Cash Funds Limited to Official Transactions of the University**

Petty cash funds are established for University use only; therefore, only officially authorized transactions are to be made using these funds.

## **8.6 Reconciliation and Audit of Petty Cash Funds**

Petty cash funds should be reconciled by the custodian at least weekly with the reconciliation documented and dated. ([See Exhibit A-12](#)) A reconciliation should also be prepared as of June 30, or the last working day of the fiscal year. Each

cash fund shall be available at any time for audit by Business Office or Internal Audit personnel.

### **8.7 Reporting of Overage, Shortage or Loss of Petty Cash Funds**

Any overage, shortage or loss of petty cash funds must be reported immediately to the Revenue and Loans Accountant along with a memo via the appropriate academic or administrative officer, and in the case of an apparent theft, to the appropriate Safety and Security personnel.

### **8.8 Petty Cash to be Returned When No Longer Needed**

If the need for a petty cash fund no longer exists, the money must be returned immediately to the Business Office.

## Student Accounts Receivable

### 9.1 Tennessee Board of Regents Policy on Payment of Student Fees and Enrollment of Students

**9.1.1** An applicant for admission to an institution will be considered and counted as a student when all assessed fees have been paid, or when an acceptable commitment from an agency or organization approved by the institution has been received by the institution. An applicant shall possess an acceptable commitment when he/she has timely submitted an application(s) for financial aid with the reasonable probability of receiving such.

Pursuant to the above condition, institutions with an advanced or pre-registration process must require payment of all applicable fees prior to the regular registration period as defined by each institution. Students who do not pre-pay all fees or have an acceptable approved financial aid deferment will forfeit pre-registration privileges and must enroll under the normal registration process.

**9.1.2** When an applicant tenders payment of fees by means of a personal check, the applicant may be considered and counted as a student. If that check is subsequently dishonored and returned, unless the student then redeems the check in accordance with collection guidelines, [Accounting Policies and Procedures, Section 11.4.1](#), the student shall not be considered as enrolled for that term.

**9.1.3** An acceptable commitment from an agency or organization shall be limited to a commitment which identifies the applicant and promises to pay all unpaid assessed fees for such applicant.

**9.1.4** Agencies or organizations which may be approved by the institution for purposes of making acceptable commitments for applicants shall be limited to agencies of federal or state governments authorized to provide financial aid, established financial institutions within the state, established in-state or out-of-state corporations which employ the applicant, foreign embassies and foreign corporations, and other organizations within the state which have previously demonstrated the ability to pay the commitment. No commitments from individuals will be accepted on behalf of applicants.

**9.1.5** This policy shall not affect enrollment of students receiving financial assistance from any federal or state financial aid program(s). All state financial aid granted to a student shall be applied to pay maintenance fees or tuition, student dormitory or residence hall rental, board and other assessed fees before any excess may be distributed to the student.

**9.1.6** All assessed fees shall include maintenance fees, tuition, debt service fees, technology access fees, service charges and any other incidental fees assessed at the time of registration, and shall include any and all assessed fees outstanding

from prior enrollment at the institution by an applicant. All fees shall be assessed and payable at the time of registration to the extent determinable. Assessed fees shall include rental and board fees where such fees are payable in full at the time of registration. Otherwise, assessed fees shall include the first periodic payment of rental and board fees in advance.

**9.1.7** Assessed fees for student dormitory rental and meal tickets may be payable on a monthly basis in advance, provided that all federal or state financial aid granted to the individual first be applied to assessed fees. A service charge is due with each monthly payment. An additional late payment charge will be assessed for each payment not received within ten (10) days after the due date.

**9.1.8** No applicant will be considered for admission as a student until all due and payable outstanding fees and charges from prior terms, of whatever nature, have been paid by the applicant.

**9.1.9** The institutions are authorized, subject to approval by the Board, to establish charges for late registration and/or checks which are returned dishonored, and such charges shall become assessed fees for purposes of admission.

**9.1.10** The president of an institution has the authority to determine the applicability of certain fees, fines, charges and refunds, and to approve exceptions in instances of unusual circumstances. All such actions should be properly documented for auditing purposes.

## **9.2 Authorization of Scholarships**

Those departments or offices awarding scholarships must submit a completed Personnel Action Form or other approved award documentation for each student via the appropriate channels to the Financial Aid Office prior to registration. (See Exhibit P/P-8.) Award documentation must be submitted for each academic year, with revised documentation submitted reflecting any changes during the year in the scholarship status prior to the semester to which the change applies. Awards will be entered by Financial Aid personnel into the award file, and, be used to offset fee charges for the designated term before any amount is distributed to the student. The appropriate expenditure accounts will be charged for the awarded amounts.

## **9.3 Additions to Student Accounts for Unpaid Charges**

To charge a student's account for an unpaid bill such as library fines, housing loss and damage or other routine charges, the department or office must complete a Departmental Charge Form ([See Exhibit A-13](#)) at the time the charge is incurred. Non-routine charges should be submitted by memorandum with sufficient documentation to support the amount charged. In service areas such as the Infirmary, students must pay for services at the time they are rendered. Credit

should not be extended except in the case of an emergency. If an emergency does arise, a Departmental Charge Form should be completed with the circumstances noted on the form.

**9.3.1 Departmental Charge Forms** Departmental charge forms may be obtained from the Accounts Receivable section of the Business Office. These forms are pre-numbered and are to be issued in numerical sequence. Each form has three (3) copies. Copy 1 is to be issued to the student, Copy 2 is to be retained by the department, and Copy 3 is to be forwarded to the Business Office. All charge forms must be accounted for. In the case of a missing form, an explanatory memorandum must be provided to the Accounts Receivable Supervisor via the appropriate academic or administrative officer.

**9.3.2 Completion of Departmental Charge Forms** The charge form must be completed including the date, T-number, student's name, local address and itemized listing of charges, account numbers and corresponding amounts. The charge form must be approved by the person initiating the charge and the administrator of the area.

**9.3.3 Void Departmental Charge Forms** All copies of departmental charge forms must be accounted for. If an error is made in completing the form or the charge is not to be processed, then all copies should be voided. Copy 2 and Copy 3 of any void forms must be forwarded to the Business Office with the reason for the void noted on the form and approval by the preparer of the form and the administrator of the area.

**9.3.4 Timely Submission of Charge Forms Required** Departmental charge forms should be submitted daily and directed to the attention of the Supervisor of Accounts Receivable in the Business Office.

**9.3.5 Retention of Supportive Evidence to Charges Required** Departments must retain records and be in a position to clearly identify the charge to the student and how the amount charged was determined.

## **Other Accounts Receivable**

### **10.1 Charges to Outside Agencies**

Departments having charges to outside agencies should forward to the Business Office Accounts Receivable Supervisor, via the appropriate academic or administrative officer, a memorandum containing the name of the person or organization to be billed, the billing address, a description of the charge(s) and amount(s), and the date the charge was incurred. Billings will be prepared by the Business Office staff. Documentation establishing the charge should contain the signature of the representative of the outside agency certifying receipt of the goods or services rendered as well as the signature of a University representative. This documentation should be attached to the memorandum.

### **10.2 Payment Received by Department After Billing Submitted to Business Office**

If payment is received by the department after the billing information has been submitted to the Business Office, the Accounts Receivable Supervisor in the Business Office should be informed to assure proper coding of the payment receipt.

### **10.3 Employee Receivables**

Employee receivables may result from traffic and parking fines, library fines, institution services, bad checks or other charges. Notification to the Business Office Accounts Receivable Supervisor of the receivables should be accomplished in the same manner as for student receivables or other receivables that is by traffic ticket copy, departmental charge form, memorandum, etc.

# Collection of Accounts Receivable

## 11.1 General Receivables Policy

The University, to the maximum extent practical, requires payment in advance for all fees, services and goods to avoid the creation of receivable. Considering this requirement, accounts and notes receivables may still be generated from programs and activities including but not limited to student loan programs, traffic and parking fines, library fines, bad checks, contracts, property rental and damage, loss or liability to the University by others.

## 11.2 Collection Procedures

The University has established a systematic procedure for collecting receivables from all persons including students and employees. Pursuant to T.C.A. 28-1-113, there is no time limit on the University's authority to collect receivables unless otherwise expressly provided by statute.

### 11.2.1 Enrollment and Record Holds

A student must pay any past due debts and obligations incurred in prior academic terms before being permitted to register. Additionally, all known debts and obligations incurred during the current term must be paid prior to a student being allowed to complete pre-registration for any future terms. All registration fee billings include any account balance due. In addition, pursuant to T.C.A. 49-9-108, no grade reports, certificates of credit, diplomas or transcripts will be issued to any student with any unpaid or delinquent debt or obligation owed to the institution or school unless such debt or obligation is evidenced by notes or other written contracts providing for future payment, such as, but not limited to, loans authorized under federal or state education or student assistance acts. Additionally, once a petition in bankruptcy has been filed, all holds should be lifted. (See Accounting Policies and Procedures, Section 11.9.1) However, the University has no obligation to provide student grade reports, etc., unless specifically requested to do so.

### 11.2.2 Registration Fees

Collection efforts begin immediately for any registration fees or housing rental not charged and collected during the registration process, such as fees generated by the addition of courses, rental resulting from late dormitory assignments, financial aid adjustments or any other amounts due for prior terms.

- A. A "Student Account Balance" memorandum will be sent to the student's post office box or home address requesting payment within a period not to exceed 10 days of the date of the memorandum.
- B. If the student account balance is not paid, a "Termination of Attendance" memorandum requesting payment within a period not to exceed ten (10) days will be sent by certified mail when practical to both the student's post office box and/or home address.
- C. A "Termination of Attendance" form will be initiated immediately by the Business Office if payment is not made in response to the "Termination of Attendance" memorandum. Copies of this form will be sent to the Assistant Vice President for Enrollment and Records or Office of Extended Education and to the student's local and/or home address. This will result in the termination of the student's enrollment and the elimination of the related current term fees from the Business Office records.

### **11.2.3 Billing**

For receivables other than registration fees, collection efforts should begin no later than thirty days after the obligation has been incurred or other fixed due date.

#### **A. Student Billings**

Computerized statements are run monthly except at the end of December due to the holidays. To provide students with their account status at the end of each semester, statements are also issued during the week prior to finals when practical considering the time frame.

#### **B. Delinquent Accounts**

For other accounts receivable, a minimum of three (3) billings or letters of contact shall be sent by the institution at thirty (30) day intervals once an account becomes delinquent. The third letter or billing for other accounts receivable and for students who are no longer enrolled should indicate that the account will be referred to a collection agency or the Office of the General Counsel, as the case may be, if payment is not made by a specific date. Sending letters or billings by certified mail is optional. Advertisers and sponsors of athletics will be invoiced per contractual agreements or other commitments immediately when information is received from the Sports Information Director. A listing of unpaid accounts will be provided to the SID monthly for verification that the University has fulfilled its obligations (programs, banners, etc.) and that further collection proceedings are in order. Then collection procedures will proceed with the second billing and continue as noted above.

### **C. Defaulted Accounts**

Receivables of \$25.00 or more shall be referred to a collection agency if the University's collection efforts are unsuccessful. The accounts should be submitted to the agent within thirty (30) days after the third collection letter is sent if the debtor has not responded. The debtor will be notified by letter that the account is being referred to a collection agency and that future correspondence should be with that agency. No additional collection efforts are required for receivables under \$25.00 except as provided for under Enrollment and Record Holds (Accounting Policies and Procedures, Section 11.2.1) and Employee Receivables (Accounting Policies and Procedures, Section 11.3). See Accounting Policies and Procedures, Section 11.10 for write-off procedures.

### **D. General Counsel Letter**

Receivables over \$25.00 should be submitted to the General Counsel if the collection agency's efforts are unsuccessful. The University shall complete the final collection letter with the address, amount owed, etc., on plain white paper and submit to the General Counsel's office along with an address label. These letters will be copied on Board of Regents stationery and mailed to the debtor.

### **E. Aging**

All receivables should be aged monthly.

### **F. Documentation**

Accurate records of correspondence, telephone calls and personal contacts with borrowers shall be maintained. The University shall comply with record maintenance, safekeeping and retention regulations for federally-funded loans.

## **11.3 Employee Receivables**

### **11.3.1 Procedure for Withholding**

Employee receivables (including student employees) may result from, among other things, traffic and parking fines, library fines, University services or bad checks. In order to recoup the amount owed from the employee's paycheck, notice of intent to withhold must be sent to the employee by registered or certified mail, or personally delivered. The notice should inform the employee of the amount alleged to be owed and

should specify that he may elect to pay the debt in full, authorize deductions from his paycheck or, if the employee is terminating, the check for accrued but unused annual leave, or contest the intent to withhold through an institutional or TUAPA hearing. Subsequent to receiving a predeprivation notice of the debt owing, the employee, within fifteen (15) calendar days of receipt of such notice, must:

- A. Pay the debt in full;
- B. Authorize the University to withhold a designated amount from each subsequent paycheck or, if the employee is terminating, from the accrued but unused annual leave until the debt is paid in full;
- C. Elect to contest the intent to withhold through an institutional hearing; or,
- D. Elect to contest the intent to withhold through a contested case hearing held pursuant to the Tennessee Uniform Administrative Procedures Act (TUAPA), T.C.A. 4-5-301, et. seq.

If the employee elects an institutional hearing, the employee shall appear on behalf of himself but is entitled to be advised by counsel. The Chief Business Officer or a representative, or a representative of the department involved in the debt, shall be present to represent the University. The case will be heard before one hearing officer designated to hear all cases on that date. The hearing officer must be an individual who is not so closely connected with the collection of the debt that he/she cannot render an unbiased and objective decision on the validity of the debt. Such hearing should be held within one (1) week of the decision to elect the hearing. The hearing officer shall render his/her decision on the validity of the debt. If the debt is ruled valid, the debt shall be deducted from the employee's payroll check beginning at the end of the next appropriate pay period in accordance with deduction schedules.

If the employee elects a TUAPA hearing, the Office of General Counsel should be notified immediately. If the employee refuses to pay, authorize deduction, or specify or waive a hearing process, a TUAPA hearing must be initiated. The employee's failure to appear at either an institutional or TUAPA hearing will constitute default, and, if a prima facie case is presented that the debt is owed, it will be deemed valid; the appropriate deductions may then be made. Additionally, if a TUAPA hearing, a Default Order must be issued. If the employee does not appeal the Default Order, funds may be deducted as specified.

### **11.3.2** Limitations on Amounts to be Withheld

The deduction from any check shall not exceed the maximum deductible under state garnishment laws. The maximum amount of disposable earnings of an individual for any work week which is subjected to

garnishment may not exceed: (1) Twenty-five percent (25%) of his disposable earnings for that week; (2) or thirty (30) times the federal minimum hourly wage at the time the earnings for any pay period become due and payable, whichever is less. In the case of earnings from any pay period other a week, an equivalent amount shall be in effect. ("Disposable earnings" means that part of the earnings of an individual remaining after the deduction from those earnings of any amounts required by law to be withheld.) These limits are applicable to retirement funds, but are not applicable to checks for accumulated annual leave.

### 11.3.3 Retirement Funds

If a former employee is found to owe a debt to the state, retirement funds may also be utilized to pay off the amount owing. The same procedural steps outlined in [Accounting Policies and Procedures, Section 11.3.1](#) for notice and the opportunity for a hearing must be followed. Accumulated retirement contributions of a former employee terminated for any reason and for which he has made application, or monthly benefits of a retired employee are subject to withholding. A copy of the final order resulting from an institutional or TUAPA hearing, or a signed waiver of hearing and written agreement of the former employee authorizing deductions should be sent to the director of the retirement system along with a written request to withhold, specifying the reason for the claim and the total amount involved.

### 11.3.4 Recovery of Overpayments to Employees

Unlike cases in which the employee owes the University money, in instances of overpayments to employees there is no obligation to provide a hearing. The institution is obligated, however, to attempt to recoup the funds. The method of repayment will depend upon the amount of the overpayment, the time which has elapsed between the overpayment and its discovery, the hardship which immediate repayment might cause the employee because of amount of current salary and personal expenses, the culpability of the employee in not reporting the overpayment and the longevity as well as the expectation that the employee will remain in state government until the repayment is completed.

If a current employee receives overpayment, the refund may be made in one of the following ways:

- A. Repayment by the employee by cash or check; or,
- B. Adjustment of deductions to be made automatically from the employee's paycheck, either with a single deduction or a series of deductions made from each paycheck until the full amount is recovered. The amount of partial payments recovered by the latter

method should be reasonable and systematic so that full recovery will be completed with the shortest period possible.

If overpayment is discovered after the employee terminates employment with the state, a receivable should be established. The former employee should be notified of the overpayment, the circumstances of the overpayment and a request that the employee contact the appropriate campus official. If the employee has not received his final paycheck, the appropriate deduction from that check can be made. If the final paycheck has been received, negotiations for reimbursement should be initiated. If repayment cannot be negotiated or collected, the account should be turned over to the collection agency. In the event collection is not possible, proper write-off procedures should be followed.

In instances where the employee has agreed to systematic deduction(s) from his paycheck(s), written authorization from the employee is encouraged. Each campus shall draft forms to document overpayments, the steps taken to recoup same, any negotiated repayment plan, the amounts received and any write-off of the overpayment.

## **11.4 Returned Checks**

### **11.4.1 Enrollment Fees**

Pursuant to the Board Policy on the Payment of Fees and Enrollment of Students (4:01:03:00), if any student tenders payment of fees by a check that is subsequently dishonored by the bank, and the check is not redeemed within the time period specified below, that student shall not be considered enrolled.

A Termination of Attendance memorandum will be mailed to the student within three (3) working days of receipt from the bank of a dishonored check which has been tendered in payment of fees, requesting payment within ten (10) calendar days. Notice by certified mail is optional. Copies of this memorandum will also be sent to the Office of Extended Education when appropriate. The University will have five (5) working days after the expiration of the ten (10) calendar days to pursue any additional collection efforts deemed necessary. Immediately after the five (5) working days, a Termination of Attendance form will be initiated by the Business Office and the student's enrollment will be deleted if the check has not been redeemed in full. Copies of this form will be sent to the Office of Records and Registration and to the Office of Extended Education when appropriate. Enrollment fees for the current term including returned check fees will be reversed. Extension of the enrollment termination deadline is not permitted except by approval of the University President.

#### **11.4.2 Other Returned Checks**

Any person other than a student or employee who tenders a check for payment for goods or services which is subsequently dishonored shall be given the opportunity to redeem the check and pay the amount due in cash. The person shall be given notice of the dishonored check, sent certified mail, demanding payment within ten (10) days. Students having returned checks for other than enrollment fees are also issued a notice requesting payment within ten (10) days, however these notices are not certified.

#### **11.4.3 Collection of Dishonored Checks**

A check presented for payment for any goods or services which is subsequently dishonored and not paid as a result of the notice referenced in Accounting Policies and Procedures, Section 11.4.2 shall be treated as a receivable under Accounting Policies and Procedures, Section 11.2. Any transactions that have been processed should be reversed and any services being provided should be suspended when possible and appropriate.

#### **11.4.4 Future Check-Writing**

Receipt of one or more bad checks from any person may result in that person becoming ineligible to make payments by check thereafter, or to have any check cashed by the University. A listing of individuals who have written bad checks is maintained and distributed to appropriate departments. Student accounts are coded to control future check-writing privileges.

### **11.5 Rent Collections**

These procedures apply to the rental of any property where rent is paid on a monthly basis. Apartment rent is due in advance by the first of each month. Rent not paid by the tenth of each month will be considered delinquent. The tenant will be assessed a \$5.00 late payment penalty, and will be sent a certified past due notice indicating that if rent is not paid within thirty (30) days of the notice the lease will be terminated and eviction proceedings will begin. A listing of individuals whose rent is past due is provided to the Housing Office monthly. If payment is not made by the end of the thirty (30) day period, the University will notify the Office of General Counsel for the State Board of Regents and will proceed with actions to evict the tenant. Accrued rents which are unpaid shall be treated as accounts receivable of the University under Accounting Policies and Procedures, Section 11.2 or 11.3 as appropriate.

## 11.6 Notes Receivable

### 11.6.1 Federal Loans

#### A. Federal Regulations

Collection officers should be certain that they are consulting the most recent legal authorities concerning Federal Loans. These authorities include interpretative materials, issues letters, manuals, Congressional Enactments and Federal Department of Education Regulations.

#### B. Pre-Loan Counseling

Federal regulations require the University to conduct entrance counseling to stress the importance of repayment, describe the consequences of default and emphasize the terms of repayment. An individual with Federal Regulations expertise should be available during and after the session to answer questions.

#### C. Exit Interview

An individual or group exit interview is conducted to discuss the borrower's financial responsibilities and to obtain updated information. Exit interview materials may be sent by certified mail to borrowers who do not attend the exit interview.

The borrower is provided with a copy of the note and two copies of the repayment schedule. These schedules can be provided either in person or by certified mail. The borrower should promptly sign and return one of the schedules to the University. A minimum payment of \$30.00 per month is required for Perkins Loans.

#### D. Grace Period Notices

Contact with the borrower is made during the initial and post-deferment grace periods.

1. For a nine month grace period, notices to the borrower are required:
  - a. 90 days into the grace period providing information which will satisfy the Truth in Lending requirements.
  - b. 180 days into the grace period notifying the borrower of the date the grace period expires.
  - c. 30 days preceding the due date of the first repayment installment notifying the borrower of the first payment due date and the amount of principal and interest due.

2. For a six month grace period, similar notices are required 90 days into the grace period and 30 days prior to the first payment due date.

#### A. Billings

A written notice and statement of account is sent 30 days before the first payment is due. Future statements reminding the borrower of subsequent payments are sent 30 days before each payment is due.

#### F. Cancellations or Deferments

The University may postpone loan repayments for a 12-month period if the borrower will be providing services eligible for loan cancellation or deferment. Interest does not accrue and the loan is not considered delinquent when in a deferred status. The borrower must request deferment and cancellation status on an annual basis. If, at the end of the postponement period, the borrower does not qualify for cancellation or deferment, the postponed payments are due.

#### G. Late Payment or Delinquent Accounts

The following billings will be issued when an account becomes past due. Asterisks (\*) denote correspondence required by the Federal Register guidelines.

Past Due Status	Type of Contact	Message on Billing
Immediately after due date	Past due billing	Please take immediate action to bring your account up to date. The amount due includes a \$10.00 late charge.
15 days past due*	Past due billing	Please take immediate action to bring your account up to date. The amount due includes a \$10.00 late charge.
30 days past due	Past due billing	Please take immediate action to bring your account up to date. The amount due includes a \$10.00 late charge.

45 days past due*	Past due billing	Please take immediate action to bring your account up to date. The amount due includes a \$10.00 late charge.
60 days past due*	Final demand billing including acceleration notice	If repayment, or a proper form is not received by (30 days), this account will be referred to a collection agency, and reported to a credit bureau. The total unpaid principal balance and accrued interest will become due immediately.
75 days past due	Billing	If repayment, or a proper form is not received by (15 days), this account will be referred to a collection agency, and reported to a credit bureau. The total unpaid principal balance and accrued interest will become due immediately.
90 days past due*	Billing and telephone call	If repayment, or a proper form is not received by (30 days), this account will be referred to a collection agency, and reported to a credit bureau. The total unpaid principal balance and accrued interest will become due immediately.
120 days past due*	Referral notice	Your account has now been referred to (agency name) for collection. All correspondence should be directed to this agency at (agency address).

**H. Collection Agency Referral**

All uncollected loan accounts are referred to a collection agency.

**I. Assignment to Office of Education**

Federal loan accounts with an outstanding principal and interest balance greater than \$200 that are not paid after the above collection attempts must be assigned to the U. S. Department of Education.

**J. General Counsel Letter**

Federal loan accounts with a total outstanding balance of \$200 or less are submitted to the General Counsel for a collection letter.

**K. Low Balance Write-Off**

Federal loan accounts totaling \$200 or less that remain unpaid after the General Counsel collection attempt are sent one more billing by the University. If no response is received, these accounts are then written-off.

**L. Federal Loans Not Written Off**

Annual collection efforts should be pursued for Federal loans that are not able to be written off or assigned to the U.S. Department of Education.

**M. Perkins Loans**

The IRS/ED skip tracing service should be used for Perkins Loans.

**11.6.2 University Loans**

**A. Billings**

Thirty days preceding the due date of the note, the borrower will be notified by letter of the due date and the amount of principal and interest due.

**B. Late Payments or Delinquent Accounts**

- 1.** If a borrower's payment becomes 30 days past due, he/she will be notified by letter of his/her past due status and requested to make payment. This letter is repeated if the payment becomes 60 days past due.

2. If a borrower's payment becomes 90 days past due, the borrower and the co-signers will be notified by letter that the account will be referred to a collection agency if payment is not made within 30 days.
3. At 120 days past due, the account is referred to a collection agency. The borrower and the co-signers are notified of the referral by letter.
4. General Counsel Letter

University loan accounts remaining unpaid after the above collection attempts are submitted to the General Counsel for a final collection letter.

5. Write-Off

University loan accounts still uncollected are then written-off.

## **11.7 Collection Agencies**

### **11.7.1 General**

The Tennessee Board of Regents shall provide, on a system wide basis, collection services through one or more companies. The service should provide for the referral of all types of delinquent accounts and notes from the University to the designated company only after campus collection efforts have been exhausted. The terms of the contract and RFP govern all collection actions. Unless otherwise prohibited by law or regulation, any note, contract or lease which may result in accounts receivable to the University should contain a provision pursuant to which the person will be responsible for the costs of collection and reasonable attorneys' fees in the event of default, and should further provide for the assignment of the account or note to the proper agency.

### **11.7.2 Billing Services**

The University may use an outside billing service to collect payments on accounts receivable. The service should be familiar with all provisions of loan programs and provide prompt, clear and accurate bills.

### **11.7.3 Credit Bureaus**

The University must report all federal loans when made and any federal loans in default to a credit bureau. The University may report all other loans when made to a credit bureau. The University must obtain the borrower's consent to report loans not in default by including a statement in the promissory note or some other document that is signed by the borrower at the time the loan is made.

#### **11.7.4 Collection Agency**

Accounts that are still delinquent thirty (30) days after the final collection letter should be turned over to a collection agency. Receivables less than \$100.00 are not required to be turned over to a collection agency.

#### **11.7.5 Reporting Requirements**

The collection agency should be required to report the status of delinquent loans periodically to each University and to the Tennessee Board of Regents.

#### **11.7.6 Revised Repayment Plan**

A revised repayment plan agreement should be signed by the borrower if the borrower returns to repayment status.

#### **11.7.7 Recalling Accounts From Collection Agency**

No account should be recalled from a collection agency other than debts eligible for deferment, postponement, cancellation, bankruptcy, death, disability or some other mitigating circumstance (institutional error, etc.). No account should be recalled in order for a borrower to re-enroll or obtain a transcript. The borrower should pay the accelerated amount plus collection costs to the collection agency.

### **11.8 Litigation**

#### **11.8.1 General**

After all other attempts at collection have failed, the University must authorize litigation of accounts of \$500.00 or more providing litigation costs do not exceed the amount which can be recovered. Generally the collection services contract will provide for litigation where appropriate.

#### **11.8.2 Federal Loans**

If a Federal loan cannot be litigated for any of the following reasons, it should be assigned to the U.S. Department of Education: (1) Borrower has no assets, (2) Address unknown, (3) Debtor is incarcerated, (4) Debtor is on Public Assistance, (5) Unable to serve borrower with court papers, (6) Litigation is in process and debtor skips, (7) Expected cost of litigation exceeds amount to be recovered from borrower.

### **11.9 Bankruptcy**

#### **11.9.1 General Information**

Once notice of, or a petition for, bankruptcy is received, all collection efforts against the debtor must cease immediately. If the account is at a collection agency, the file must be returned to the University immediately. All new cases should be referred directly to the Attorney General's office with the appropriate referral form and pertinent documentation forwarded to that office. In any situation where the debt is not discharged, any interest which accrued during suspension of collection may be added to the amount to be collected.

**NOTE:** Effective for actions filed on or after 5-28-91, the period during which an educational loan may not generally be discharged will increase from five (5) years to seven (7) years. This period is calculated from the date the loan first came due to the date the bankruptcy action was filed, exclusive of periods during which repayment obligations are suspended. Additionally, obligations to repay an "overpayment" of, or any other obligation to repay an "educational benefit" provided by a governmental unit or under a program funded by a government unit or non-profit institution will be excepted from discharge during the same seven-year period under either Chapter 7 or 13 unless the borrower establishes that repayment constitutes undue hardship.

### **11.9.2 Chapter 7 (Liquidation)**

Upon receiving any notice of the filing of a petition, all collection efforts against the debtor must be suspended immediately until the bankruptcy has been discharged. Collection efforts may continue against an endorser. A proof of claim should be timely filed by the Attorney General's Office unless the notice states "No Assets."

#### **A. Educational loans**

If the date of bankruptcy filing is after the expiration of the exception period, the loan should be written off once the notice of discharge is received unless there is some other basis upon which to challenge dischargeability. However, if there is an endorser, collection efforts may proceed against him/her.

If the date of bankruptcy filing is before the expiration of the exception period, collection activity may be reinstated once the notice of discharge is received due to the self-executing nature of the exception unless the debtor has been able to establish dischargeability of the debt through an adversarial proceeding.

If the University is served with a summons and a complaint to determine dischargeability based on undue hardship, a calculation should be made as to whether the costs to discharge exceed one-third of the amount that would be lost by discharge. The action should not be opposed if the costs exceed one-third the amount lost by discharge,

or undue hardship can be shown. The action should be opposed if the costs do not exceed one-third of the amount lost by discharge and undue hardship cannot be shown. Contact the office of General Counsel for issues involving the determination of undue hardship.

#### **B. Other debts**

When the notice states "No assets", unless the University is a secured creditor (in which case a proof of claim must be filed), the debt must be written off once the notice of discharge is received.

### **11.9.3 Chapter 13 (Reorganization)**

#### **A. Educational Loans**

NOTE: For petitions filed on or after 11-5-90, an educational loan is nondischargeable if the loan first became due within five (5) years calculated from the date the loan first came due to the date the bankruptcy action was filed, exclusive of periods during which repayment obligations are suspended. Effective for bankruptcies filed on or after 5-28-91, that same five (5) year period will be increased to seven (7) years. See NOTE with Accounting Policies and Procedures, Section 11.9.1 above for further details.

Regardless of the date of filing or the nature of the debt owing, upon receiving any notice of the filing of a petition, all collection efforts against the debtor and endorser must cease immediately. A proof of claim must be filed in all cases by the Attorney General's Office.

If filed after 5-28-91:

Determine if the educational loan falls within the exception period of seven (7) years, thus rendering the amount nondischargeable. If so, the plan need not be opposed. File a proof of claim. If the debt is nondischargeable, you may want to add the following on the bottom of the form: "We consider this debt to be nondischargeable". Upon discharge and dismissal, collection activities may be reinstated. If the exception period applies and the debtor serves the University with a summons and complaint to determine dischargeability based on undue hardship, a calculation should be made as to whether the costs to discharge exceed one-third the amount that would be lost by discharge. The action should not be opposed if the costs exceed one-third the amount lost by discharge, or undue hardship can be shown. The action should be opposed if the costs do not exceed one-third of the amount lost by discharge and undue hardship cannot be shown. Contact the Office of General Counsel for issues involving the determination of

undue hardship. If the exception does not apply, the same guidelines should be used to determine whether to oppose the proposed plan.

**B. Other debts:**

A proof of claim must be filed and the proposed plan reviewed. Once the bankruptcy is discharged, the debt should be written off.

**11.10 Write-Offs**

**11.10.1 Authority**

The Tennessee Board of Regents and its institutions/schools are authorized to write off uncollectible receivables pursuant to policies outlined in Chapter 0620-1-9 of the rules of the Department of Finance and Administration. Receivables submitted for write-off must have been subjected to appropriate collection efforts in accordance with this guideline and University procedures.

**11.10.2 Reserve**

A reserve for doubtful accounts should be established for activities where accounts receivable represent a material amount to the activity income. The reserve should be reported in the financial records of the University. Receivables which prove to be uncollectible after prescribed collection efforts have been exhausted should be written off by a charge to the reserve for doubtful accounts after appropriate approvals are obtained.

**11.10.3 Approval**

The proposed write-offs must be approved by University officials not directly involved in recording and collection of accounts receivable. The University president and chief business officer should certify compliance with the prescribed statute and collection guidelines. The write-off request summary and certification, along with a detailed list of the accounts, should be submitted to the Chancellor's office for approval. The write-off request must be approved by the Chancellor and General Counsel and forwarded by the Tennessee Board of Regents for approval by the Commissioner of Finance and Administration and the Comptroller of the Treasury. The Tennessee Board of Regents will send approved write-offs to the University for the appropriate accounting.

**11.10.4 State/Tennessee Board of Regents Employees**

Accounts in the amount of \$50.00 or more which are submitted for write-off must also be summarized on computer disk and submitted to the Tennessee Board of Regents. The Board will then forward the computer disk to the Department of Finance and Administration for review and checking against the State payroll.

Any debtors identified by the Tennessee Board of Regents or State as employees with debts \$50.00 and above will not be approved for write-off. Information on the employing institution/school or agency will be returned to the University for additional collection efforts.

If the debtor is a state employee, the Chief Business Officer of the department employing the debtor should be notified. The department employing the individual will be responsible for taking the appropriate action to collect the debt. If the department is unsuccessful in collecting the debt, written notification will be sent to the University. The written notification shall be submitted with the next write-off request for approval.

If the debtor works for another Tennessee Board of Regents institution/school, the Chief Business Officer of the employing institution/school should be notified and will be responsible for collecting the debts utilizing the steps in the Accounting Policies and Procedures, Section 11.3. Written notification should be sent to the requesting University if collection efforts are unsuccessful. The written notification shall be submitted with the next write-off request for approval. The institution/school may agree to payment through payroll deductions if the employee signs a payroll deduction authorization.

#### **11.10.5 Former Tennessee Board of Regents Employees**

If a debt or obligation was incurred while a Tennessee Board of Regents employee, the debt constitutes an account receivable; refer to the Accounting Policies and Procedures, Section 11.2.

#### **11.10.6 Holds on Written Off Receivables**

A hold on transcripts and future registration will continue until the debt is cleared for former students whose receivables were written off if the debt was twenty-five (\$25.00) dollars or more.

## **Grants, Contracts and Cooperative Agreements**

The term "grants" includes grants, contracts and cooperative agreements.

### **12.1 Coordination of Grant Proposals**

The Office of the Associate Vice President for Research and Graduate Studies is responsible for coordination and approval of proposals for extramural funding and will:

**12.1.1** Disseminate information relating to funding sources.

**12.1.2** Assist in the preparation of proposals. This assistance will include information relating to payroll, employee benefits, indirect cost, billing instructions and method of receipting funds. The University's policy is to bill quarterly; however, exceptions can be made if required by the agency or if deemed necessary by the Manager of Grant Accounting.

**12.1.3** Serve to ensure that proposals are reviewed and approved by the appropriate academic and administrative officials (Departmental Chair, Dean or Administrative Officer as applicable). The Associate Vice President for Research approves for the University.

**12.1.4** Notify the proposer and the appropriate Dean or Administrative Office as applicable and Departmental Chair of the final disposition of the proposal by the funding agency.

**12.1.5** Assist as necessary in updating of budgets and assuring compliance with contract terms.

**12.1.6** Ensure that all proposals, grants, contracts and cooperative agreements receive appropriate approvals.

### **12.2 Acceptance of Grant Award by the President or Associate Vice President for Research**

Upon acceptance of a grant award by the University, the Project Director will be notified and shall submit a line item budget via the Departmental Chair and Associate Dean to the Office of the Associate Vice President for Research. This budget should correspond to the one in the proposal or in the grant document. The original, signed document for the grant, along with the budget and other documents necessary to establish the responsibilities of the University, will accompany the notice of activation from the Associate Vice President for Research to the Grant Accountant in the Business Office. The initial activation may or may not include funds for the entire period of the grant.

### **12.3 Establishment of Account Numbers and Activation of Project**

The Grant Accountant in the Business Office will establish an account number after receipt of acceptable items noted in [Accounting Policies and Procedures, Section 12.2.](#)

### **12.4 Policies and Procedures Governing Incurrence of Obligations and Expenditure of Funds**

Policies and Procedures of the University relating to obligations and expenditures will be observed on grants as they apply to any University account; however, all expenditures must be requisitioned on the appropriate forms using a single sequence of requisition numbers.

**12.4.1** No obligations or expenditures are authorized until the activation of the grant is prepared and approved by the Associate Vice President for Research. Any exception must be approved in advance by the Vice President for Business and Fiscal Affairs.

**12.4.2** The Project Director must sign all requisitions and invoices. These requisitions are to have the approval of the Departmental Chair, Dean or Administrative Officer, as applicable, and the Grant Accountant of the Business Office. Line items of the grant budget must be observed when requisitions are prepared. Budget revisions must be made in accordance with the grant agreement. (See [Accounting Policies and Procedures, Section 1.4](#))

**12.4.3** Salaries and wages shall be detailed on the requisitions showing period of time, rate of pay and hours worked where applicable. The proper payroll form shall accompany the requisition. The rate of pay on grant projects shall not exceed the rate of pay paid on non-grant projects for comparable work performed. For instructions regarding payment of student fees, see [Accounting Policies and Procedures, Section 9.2.](#)

**12.4.4** Employer's matching benefits costs on grant projects for FICA, retirement and hospitalization will be charged monthly. Each Project Director must deduct these costs from the requisition balance as they appear on the monthly expenditure reports.

**12.4.5** In addition to all other required approvals, all foreign travel shall be approved by the grantor in advance of the travel.

**12.4.6** All supplies and equipment purchased with grant funds must be acquired in accordance with the University's Purchasing Policies and Procedures.

### **12.5 Disposition of Unauthorized or Excess Obligations and Expenditures**

Care should be exercised so as not to exceed available grant funds when making expenditures or to incur obligations not authorized by the grant. If such obligations or expenditures are inadvertently made and are allowed to become general University obligations and expenditures, they must be requisitioned from appropriate unrestricted departmental funds.

### **12.6 Approvals Required to Modify, Cancel, Discontinue and Closeout of Contract**

If a grant or contract is to be modified, cancelled or discontinued, approvals must be obtained through the same channels that originally approved the grant or contract. In case of termination willingly or unwillingly, each project director is responsible for completion of all grant work and reports that are due to be made which are under his/her jurisdiction. The leader of the administrative unit is responsible for seeing that these requirements are met.

### **12.7 Requirements for Reporting Loaned and Donated Equipment**

All equipment loaned or donated by a grantor to the University must be clearly identified and reported to the Grant Accountant and Property Officer. (See [Purchasing Policies and Procedures](#)).

### **12.8 Reconciliation of Requisitions to Monthly Expenditure Reports Required**

Reconciliation of requisitions to the expenditure reports are to be made monthly. (See [Accounting Policies and Procedures, Section 5](#)).

### **12.9 In-Kind Contributions as Cost Sharing**

Detailed records of all in-kind contributions which are to be considered as cost-sharing are to be kept in the various departments. Departmental chairpersons and deans are to monitor these records for correctness.

## Moving Expenses

Authorization for payment of moving expenses for an employee will not be granted and expenses will not be reimbursed unless the travel is made and reimbursement claimed in accordance with the Tennessee Board of Regents' (TBR) policy 5:01:00:00 Section J. (for exceptions to this policy please see Section L.) which can be referenced on TBR's website at <http://www.tbr.edu/policies/default.aspx?id=1402>. However, there are additional TTU policies and procedures that must be followed. (See Section 13.1 and 13.2)

### 13.1 Additional Policies

**13.1.1** Payment of moving expenses must be approved in advance by the President or his/her designee. Moving expenses will be paid or reimbursed only after a contract is executed between the employee and the University. (See Exhibit A-16 for contract)

**13.1.2** Approval of moving expenses may be made when considered in the interest of the University and when such payment is a part of the employment negotiation with a new employee.

**13.1.3** Moving expenses paid in excess of the allowable deductions under Internal Revenue Code, Section 217, are reported as taxable income in the appropriate box on the employee's W-2. All other reimbursements, including nontaxable, are also reported in the appropriate box on the employee's W-2.

**13.1.4** Expenses and allowances as provided in these regulations shall not be allowed unless and until the employee agrees in writing to remain in the service of the University for a period of twelve (12) months following the effective date of move, unless separated for reasons beyond his or her control and acceptable to the university. For faculty on an academic or modified fiscal year basis, the employment service shall be one (1) regular academic year or two (2) semesters. The service agreement statement should be maintained in the employee's personnel file. In case of a violation of such an agreement, including failure to affect the transfer, any funds expended by the University for such expenses and allowances shall be recoverable from the employee concerned as a debt due the University.

### 13.2 Method for Claiming Reimbursement

**13.2.1** Receipts for moving expenses should be submitted to the Office of the Vice President for Academic Affairs by the faculty member and to the Office of the President by other employees upon arrival in Cookeville. A travel claim and requisition will be submitted to the Vice President for Planning and Finance; a check for reimbursement of expenses will be prepared by the Business Office. The total of all allowable expenses must not exceed the maximum amount stated in the Moving Expense Agreement.

### **13.3 Immigration Expense Allowance**

Authorization for payment of immigration expenses for an employee will not be granted and expenses will not be reimbursed unless the expense is made and reimbursement claimed in accordance with the Tennessee Board of Regents' (TBR) policy 5:01:00:00 Section K. (for exceptions to this policy please see Section L.) which can be referenced on TBR's website at <http://www.tbr.edu/policies/default.aspx?id=1402>.

## Faculty and Staff Recruitment

### 14.1 Availability of Funds

All expenses for advertising and correspondence associated with faculty and staff recruitment are to be borne by the hiring unit, or by the unit to which the hiring unit reports. Identification of resources needs to be made before the advertising process begins.

All other expenditures for faculty and staff recruitment are to be made from the Faculty and Staff Recruitment Accounts established for recruitment expenses and administered by the Vice President for Academic Affairs. Eligible prospective faculty and staff shall be limited to those individuals who, if selected for employment, would occupy permanent positions classified with EEO Codes 1 and 2. The Vice President may grant exceptional coverage to temporary positions and other EEO codes where appropriate and justifiable. No commitment for reimbursement may be made to any prospective employee without explicit prior approval of the Vice President for Academic Affairs. (Approval of the interview pool by the Vice President for Academic Affairs constitutes prior approval for expenditures from the Faculty and Staff Recruitment Accounts.)

### 14.2 Mileage

Mileage for one round trip from the place of residence of a prospective employee to the nearest airport with appropriate commercial service will be paid in accordance with the General Travel Policies and Procedures. (See [Accounting Policies and Procedures, Section 4](#))

A faculty or staff member may schedule limousine service or use a University vehicle to provide the prospective employee transportation to and from the Nashville (or Knoxville) Airport and charge the cost to the recruitment account number. If it is not feasible to use either of these options, the prospective employee may be reimbursed for automobile rental from the Nashville (or Knoxville) Airport, not to exceed 48 hours and 250 miles. If the prospective employee chooses to use his/her personal vehicle for all required travel in connection with an interview, he/she may be reimbursed for mileage as determined from the Rand McNally Atlas and/or the Department of Transportation Map of Tennessee at the rate provided in the General Travel Policies and Procedures. (See [Accounting Policies and Procedures, Section 4](#)). Reimbursement will be limited to an amount equal to the allowable air fare and transportation to and from airports of origin and destination.

### 14.3 Air Fare

Reimbursement will be made for one round trip (coach rates) from the commercial airport nearest the residence of the prospective employee to the

Nashville (or Knoxville) Airport. A receipt for air fare is required as a condition of reimbursement.

#### **14.4 Meals**

Reimbursement for meals taken en route or in the absence of a University host, will be made to the candidate in accordance with the General Travel Policies and Procedures governing reimbursement for meals taken out-of-state by University employees (See [Accounting Policies and Procedures, Section 4.5.1](#)). Ordinarily, no meals or other incidental expenses for University employees will be paid by the University in connection with faculty or staff interviewing except for the person serving as host/hostess, who will be reimbursed a maximum of twice the in-state rate per person ("Request for Food Purchase" and receipts required). Exceptions require prior approval in writing by the Vice President for Academic Affairs. (See Exhibit A-14)

#### **14.5 Lodging**

Reimbursement for lodging will be allowed upon submission of an appropriate receipt, but will be limited to two nights and be subject to the maximum per-night rate for out-of-state travel as established in the General Travel Policies and Procedures. (See [Accounting Policies and Procedures, Section 4.4.2](#)). If the candidate can realize a substantial savings on air fare by staying three nights, an additional night's lodging will be allowed.

#### **14.6 Incidental Expenses**

Tolls and parking expenses will be paid upon submission of appropriate receipts.

#### **14.7 Limitations**

Expenditures are allowable for the prospective employee only, and no payments of any type may be made in connection with the visit of a spouse of a candidate, except that the total cost of a room will be allowed subject to the maximum set forth in Accounting Policies and Procedures, Section 14.5 above.

#### **14.8 Method of Claiming Reimbursement**

A certified statement showing automobile mileage, departure and arrival times, receipts for air fare, receipts for automobile rental, receipts for lodging and any other claimed expenses except meals should be submitted to the Office of the Vice President for Academic Affairs.

## Exhibits

[\[Click Here For Exhibits\]](#)