Processing a Reduction to an Expense
Texas A&M University - College Station
Texas A&M University - Galveston
Texas A&M University System

What is a Reduction to an Expense? It is a payment received as reimbursement to an expense paid from a department’s account. These payments are usually made by vendors the department has over paid or to which a department has returned a product. Reductions to an expense can also occur when an expense is being shared with another system member. Purchases for tangible, personal property or taxable services should never be made with TAMU/TAMUG/TAMUS funds and then reimbursed by employees. This is using TAMU/TAMUG/TAMUS’s tax exemption and passing it on to others that are not tax exempt.

Reduction to Expense Test

Is the payment a reimbursement for a good or service other than Centrex Bills, Copy Charges, or Repayment for Returned Checks?
- Yes: Continue to next question.
- No: Process a Deposit via iPayments.

Is the payment coming from the company from which the good or service was received?
- Yes: Process a Reduction to Expense Request.
- No: Continue to next question.

Is the payment coming from a department within the same system member as the one making the original purchase?
- Yes: Process a Departmental Correction Request (DCR).
- No: Continue to next question.

Is the payment coming from a system member different from the one making the original purchase?
- Yes: Process a Reduction to an Expense Request.
- No: Continue to next question.

Is the payment coming from a company other than the one from which the good or service was received?
- Yes: Would they have paid sales tax had they made the purchase directly?
  - YES: These funds should be deposited as revenue and sales tax should be recorded.
  - No: Process a Reduction to an Expense.
- No: Continue to next question.

Is the payment coming from an individual?
- Yes: Would they have paid sales tax had they made the purchase directly?
  - YES: These funds should be deposited as revenue and sales tax should be recorded.
  - No: Process a Reduction to an Expense.
- No: Process a Reduction to an Expense.
**How can funds be requested?** In most cases, the vendor will have record of an over payment or a returned product. However, there may be some instances in which the funds must be requested by invoice. Departments will create ‘in-house’ invoices for reduction to expense requests. FMO suggests a template similar to the example below be used. It is also suggested the invoice numbering system include the department code for easy recognition. These ‘in-house’ invoices should clearly indicate they are billing for reimbursements to expenses and the original expense information should be included. The remit to address should be the department seeking reimbursement.

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**Texas A&M University**

**Academic Affairs Business Services**

**College Station, Texas 77843**

**BusinessOffice@ipomail.tamu.edu**

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<table>
<thead>
<tr>
<th>Date</th>
<th>INVOICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 10, 2012</td>
<td>APINOC10</td>
</tr>
</tbody>
</table>

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**Bill to:**

Texas AgriLife Research
Department of Horticulture
Mail Stop 2133
College Station, TX 77843

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**Details:**

Reimburse TAMU APIN account 201670:
September Payment Card

- Office Depot Flash Drive-Y629481
  - Amount: $79.99
- Amazon.com Fixed Wall Mounts-Y776662
  - Amount: $33.24

**Total:** $113.23

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**Remit Payment to:**

Texas A&M University
Academic Affairs Business Services
Mail Stop 4255
College Station, TX 77843-4255
FBI: 74-6000531 or State Agency: 37117117111

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All payments are due within 30 days of receipt of invoice. Please reference the invoice number on the check.
How can funds be deposited?

CHECKS must be properly endorsed immediately upon receipt in accordance with Standard Administrative Procedure 21.01.02.M0.02 Check Endorsement Requirements to ensure funds are protected from fraudulent endorsement and theft of funds. Checks include Business Checks, Personal Checks, Cashier Checks, Money Orders, Bank Drafts, and Traveler’s Checks. All checks must be endorsed on the back left end in the space designated for endorsement. Endorsement must be typed, rubber stamped, or hand printed in ink as follows:

FOR DEPOSIT ONLY
Texas A&M University (at Galveston or System)
Department Name
FAMIS Account No. XXXXXX

Checks must be attached to a completed Reduction to Expense Request Form providing the original payment information as well as a brief description/explanation for the payment. This form is located at http://fmo.tamu.edu/media/65879/Reduction-to-Expense-Request-Form1207.pdf A form must be completed for each individual check.

Reduction to Expense Request Form
**CASH** cannot be accepted by FMO. Cash should be deposited by completing a Wells Fargo deposit slip and sending the deposit slip and cash to the Cashier Office, drop-box, or Wells Fargo branch in a plastic tamper proof deposit bag.

**Example Deposit Slip**

![Deposit Slip Example](image)

Prior to sealing the deposit slip in the deposit bag, be sure to email a copy of the deposit slip to Sales & Receivables at [ar@tamu.edu](mailto:ar@tamu.edu) and cc Stacie Sodolak at [ssodolak@tamu.edu](mailto:ssodolak@tamu.edu) with the original payment information. The Reduction to Expense Request form is not required. However, should the department choose to complete the form, use CASH as the check number and complete the other fields as indicated in the example on page 3. Do not mail in this form. Send it to FMO via email with the copy of the deposit slip. Below is an example of the check number section when submitting cash as a reduction to an expense.

<table>
<thead>
<tr>
<th>Check Number</th>
<th>Payer Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH</td>
<td>Texas AgriLife Research</td>
</tr>
</tbody>
</table>

**ACHs, Wire Transfers, and Direct Deposits** are sometimes received as payments for reductions to expenses. In these instances, FMO will contact the department when the payment is received. The department will be asked to provide original payment information identifying the payment as a reduction to an expense. If the department is aware that the payment will be received via ACH, Wire Transfer, or Direct Deposit, please contact FMO so that it can be easily identified once it is received. The Reduction to Expense form is not required. However, should the department choose to complete the form, use ACH as the check number and complete the other fields as indicated in the example on page 3.
What if the expense has not posted to FAMIS yet? Sometimes payment is collected prior to the expense posting to the department's account in FAMIS. **DO NOT HOLD THESE PAYMENTS.** Follow the guidelines for Checks and Cash provided above. On the Reduction to Expense Form or email, please list ‘SUSPENSE’ as the Voucher#/ProCard#/Ref2#. Please be very specific in the ‘Reason for payment’ field by providing the date the payment card will post to FAMIS or the Aggie Buy PO number, the full amount of the transaction, and the vendor to which the payment was made. Providing detailed information will allow FMO to identify the correct reference number to move the deposit to once the expense is posted to FAMIS. If this information is not provided, please remember to send an email to ar@tamu.edu and cc ssodolak@tamu.edu once the expense does post to the account.

Reduction to Expense Form prior to Charges posting to FAMIS

These payments will be deposited by FMO and posted to Sales & Receivables holding account 553085-0728. FMO will move the reimbursement from the holding account to the department’s account once the expenses post to FAMIS.
How does the reduction to expense look when it posts to the account? FAMIS Screen 47 will show both the original expense and the reimbursement once it is posted to the account.

<table>
<thead>
<tr>
<th>Sbcd</th>
<th>TC</th>
<th>Ref 2</th>
<th>Date</th>
<th>Description</th>
<th>Amount</th>
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<td>060</td>
<td>Y629481</td>
<td>09/30</td>
<td>OFFICE- FLASH DRIV</td>
<td>79.99</td>
<td>PCCW01 011160 1615</td>
</tr>
<tr>
<td>5760</td>
<td>030</td>
<td>Y629481</td>
<td>10/12</td>
<td>TEXAS AGRILIFE RES</td>
<td>79.99</td>
<td>C PCCW01</td>
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* End of Data *

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<th>Description</th>
<th>Amount</th>
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<tr>
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<td>060</td>
<td>Y776662</td>
<td>09/28</td>
<td>AMAZON.COM-FIXED W</td>
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<td>Y776662</td>
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<td>TEXAS AGRILIFE RES</td>
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</tbody>
</table>

* End of Data *

Enter-PF1---PF2---PF3---PF4---PF5---PF6---PF7---PF8---PF9---PF10---PF11---PF12---
Menu Help  EHelp  View  DLoad Right Left

NEED HELP Processing a Reduction to an Expense?
FMO Sales & Receivables
ar@tamu.edu