



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.

<p>Texas A&M University Academic Affairs Business Services College Station, Texas 77843 BusinessOffice@ipomail.tamu.edu</p>							
		<table border="1"> <tr> <th>Date</th> <th>INVOICE</th> </tr> <tr> <td>October 10, 2012</td> <td>APINOCT10</td> </tr> </table>	Date	INVOICE	October 10, 2012	APINOCT10	<p>Invoice number includes department code.</p>
Date	INVOICE						
October 10, 2012	APINOCT10						
		<table border="1"> <tr> <th>TOTAL DUE</th> </tr> <tr> <td>\$113.23</td> </tr> </table>	TOTAL DUE	\$113.23			
TOTAL DUE							
\$113.23							
<p>Bill to:</p> <p>Texas AgriLife Research Department of Horticulture Mail Stop 2133 College Station, TX 77843</p>							
<p>Details:</p> <p>Reimburse TAMU APIN account 201670: September Payment Card</p>		<p>Amount:</p> <p>Office Depot Flash Drive- Y629481 \$79.99 Amazon.com Fixed Wall Mounts- Y776662 \$33.24</p>	<p>Detailed information of original expenses.</p>				
		<table border="1"> <tr> <td>Total:</td> <td>\$113.23</td> </tr> </table>		Total:	\$113.23		
Total:	\$113.23						
<p>Remit Payment to:</p> <p>Texas A&M University Academic Affairs Business Services Mail Stop 4255 College Station, TX 77843-4255 FEIN: 74-6000531 or State Agency: 37117117111</p>							
<p>All payments are due within 30 days of receipt of invoice. Please reference the invoice number on the check.</p>							




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



Reduction to Expense Request Form

INSTRUCTIONS: This form must be used to submit payments for expenses originally paid by TAMU, TAMUS or TAMUG accounts via voucher, payment card, or interdepartmental transfer. If the expense has not cleared the account before the reimbursement is received, please indicate below by typing **SUSPENSE** in the Voucher #/Procard #/Ref2# field. Each check must be properly endorsed.

1. Complete form for each check.
2. Print form.
3. Sign and Date form.
4. Mail form to FMO Corrections, MS 6000.

Check Number	Payer Name
7895621	Texas AgriLife Research

To be applied to:

Account #	Support Acct #	Expense Object Code	Voucher #/ProCard#/Ref2#	Amount
201670	000000	5760	Y629481	79.99
201670	000000	5752	Y776662	33.24

Reason for payment:

Items were purchased with TAMU payment card prior to determining they would be purchased by HORT.

Prepared by: Bonnie Bookkeeper Date: 10/11/2011
Contact Phone: (979) 845-9999 Contact email: bbookkeeper@tamu.edu

SUBMIT FORM TO:
FMO Corrections
MS 6000

NEED HELP?
FMO Sales & Receivables
Phone (979) 845-4035
ar@tamu.edu

Check Number and Payer name.

Original payment information

Explanation for payment.

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 TICKET 37-65-1119
 TEXAS A & M UNIVERSITY
 LOCATION #074
 WELLS FARGO BANK, N.A.
 BRYAN, TX 77802
 DATE 10-11-11
 LIST CHECKS SINGLY OR ATTACH LIST
 DOLLARS 113
 CENTS 23
 PLEASE ENTER TOTAL HERE
 \$ 113.23




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 and cc Stacie Sodolak at 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.

Check Number	Payer Name
CASH	Texas AgriLife Research

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

Reduction to Expense Request Form

INSTRUCTIONS: This form must be used to submit payments for expenses originally paid by TAMU, TAMUS or TAMUG accounts via voucher, payment card, or interdepartmental transfer. If the expense has not cleared the account before the reimbursement is received, please indicate below by typing **SUSPENSE** in the Voucher #/Procard #/Ref2# field. Each check must be properly endorsed.

1. Complete form for each check.
2. Print form.
3. Sign and Date form.
4. Mail form to FMO Corrections, MS 6000.

Check Number	Payer Name
7895621	Texas AgriLife Research

To be applied to:

Account #	Support Acct #	Expense Object Code	Voucher #/ProCard#/Ref2#	Amount
201670	00000	5760	Suspense	79.99
201670	00000	5752	Suspense	33.24

Reason for payment:

Payment card purchases for October statement. Office Depot \$79.99; Amazon.com \$33.24

Prepared by: Bonnie Bookkeeper Date: 10/11/2011
 Contact Phone: (979) 845-9999 Contact email: bbookkeeper@tamu.edu

SUBMIT FORM TO:
 FMO Corrections
 MS 6000

NEED HELP?
 FMO Sales & Receivables
 Phone (979) 845-4035
ar@tamu.edu

'Suspense' listed as ref#.

Detailed information about expenses.

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.

047 Transaction Inquiry on Reference Number 2 or 4 10/11/11 14:32
INTERNATIONAL PROGAMS - OPERATIONS FY 2012 CC AM

Screen: █ Account: 201670 Search On Ref: 2 Ref Nbr: Y629481
Display Ref: 2 Bank Option: N

Sbcd	TC	Ref 2	Date	Description	Amount	I	BatRef	Offset	Acct
5760	060	Y629481	09/30	OFFICE- FLASH DRIV	79.99		PCCW01	011160	1615
5760	030	Y629481	10/12	TEXAS AGRILIFE RES	79.99-	C	PCCW01		

* End of Data *

Enter-PF1---PF2---PF3---PF4---PF5---PF6---PF7---PF8---PF9---PF10--PF11--PF12---
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047 Transaction Inquiry on Reference Number 2 or 4 10/11/11 14:37
INTERNATIONAL PROGAMS - OPERATIONS FY 2012 CC AM

Screen: █ Account: 201670 Search On Ref: 2 Ref Nbr: Y776662
Display Ref: 2 Bank Option: N

Sbcd	TC	Ref 2	Date	Description	Amount	I	BatRef	Offset	Acct
5752	060	Y776662	09/28	AMAZON.COM-FIXED W	33.24		PCCW01	011160	1615
5752	030	Y776662	10/12	TEXAS AGRILIFE RES	33.24-	C	PCCW01		

* End of Data *

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

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FMO Sales & Receivables
ar@tamu.edu