



Rules of
Office of Administration
Division 10—Commissioner of Administration
Chapter 3—Preapproval of Claims and Accounts

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**Title 1—OFFICE OF
ADMINISTRATION**

**Division 10—Commissioner of
Administration**

**Chapter 3—Preapproval of Claims
and Accounts**

**1 CSR 10-3.010 Preapproval of
Claims/Accounts and Direct Deposit: Defi-
nitions/Examples**

PURPOSE: The commissioner of administration has the duty pursuant to section 33.030(3), RSMo to preapprove claims and accounts and to certify them as being regular and correct to the state treasurer for payment. This rule defines certain terms and describes situations related to this responsibility. In addition, this rule describes the requirements established to allow vendors on the Statewide Vendor File to participate in the direct deposit of payments and payroll deductions from employee compensation for participation in voluntary retirement plans, group hospital service plans, group life insurance plans, medical service plans, labor unions, employee associations, and credit unions.

(1) The following are types of allowable claims:

(A) Claims for goods and services having a clear business relationship to the agency work program and submitted for payment after receipt of goods or services. The claim is to be documented with an invoice billed to the state on the vendor's descriptive business invoice form. Invoices are to be from vendors typically engaged in a business practice of providing such goods or services. Reimbursements may be made to employees for minor purchases made on behalf of the state when accompanied by descriptive receipts;

(B) Claims for expenditures made pursuant to programmatic appropriations and other statutory authority;

(C) Claims for the payment of reasonable and necessary employee travel expenses actually incurred on behalf of the state and in accordance with 1 CSR 10-11.010 State of Missouri Travel Regulations; and

(D) Claims for employee course tuitions/fees and related educational supplies that are either reimbursed or direct billed. Course expenses may be reimbursed after receipt of evidence of course completion and proof of payment. Course expenses may be paid in advance of course completion only when documentation indicates the agency requested the employee take the course.

(2) The following are types of unallowable claims unless special circumstances substan-

tially justify the granting of an exception to this rule:

(A) Claims for the purchase of goods or services which are not apparently or cannot be substantially justified as directly related to the transaction of state business. For example, employee parties, agency team uniforms, employee gifts, holiday cards and decorations, personal club memberships, memorial flowers, political and charitable contributions, and traffic tickets. An exception is made for the purchase of retirement, service, and other recognition award gifts which may be certified as regular claims if reasonable in relation to the circumstances of the award and primarily represent a token of recognition and not a reward with a cash equivalent or substantial monetary value. Claims for the expenses of receptions for employee recognition events should be at a nominal price per person attending. Holiday decorations are allowed for commonly accessed public areas such as reception and waiting rooms;

(B) Claims for the repair of damages or loss of employee's personally owned property, such as clothing and privately owned vehicles, except when such claims have been made against the state through the Office of Administrations Risk Management Unit and approved for payment from the Legal Expense Fund;

(C) Claims with invoices prepared by state agencies rather than vendors. An exception would be for those types of payments not customarily initiated by a vendor, such as lottery prizes, uniform allowances, inter-agency billings, some refunds, and some program payments. The Missouri Lottery may write prize payment checks after the Lottery Commission submits the procedures for writing the prize payment checks to the commissioner of administration in accordance with section 313.321, RSMo;

(D) Claims submitted to pay employees of the state or others for goods or services they have sold to the state if it is evident that they are not generally engaged in the business practice of selling such goods or services. For example, an employee or employee family member or friend rents or sells personally owned property to a state agency;

(E) Claims with invoices which are not invoiced to the state department that is submitting the claim;

(F) Claims for expenditures to reimburse accounts held outside of the state treasury or not authorized by law;

(G) Claims that do not sufficiently describe the products or services purchased or the date purchased. This would include any unsupported charges or unsupported past due amounts;

(H) Programmatic claim documentation that does not sufficiently relate the expenditure to the program or does not appear to adequately support/control the payment;

(I) Claims to make payments on credit card accounts not authorized through the Office of Administration;

(J) Claims submitted for payment before the goods or services have been received. Exceptions would be for those types of items or services for which payment in advance is the normal business practice, such as subscriptions, registrations, memberships, insurance, postage, maintenance agreements, and building/parking rentals. Advance payment for travel expenses, such as air fare, conference fees, and lodging, may be allowed if in accordance with 1 CSR 10-11.010 State of Missouri Travel Regulations. Advance payment is also allowed when prepayment is a condition of the sale or is in accordance with contract terms. Ensure the invoice or other claim documentation clearly states this requirement if advance payment is made;

(K) Claims to establish imprest funds not authorized by law or to increase established imprest funds over the maximum amount allowed by law;

(L) Claims to reimburse imprest funds for expenditures that are not incidental in nature or are not for other specific uses authorized by law. Incidental expenditures are defined as payments that are occasional, minor, and immediately necessary for the proper operation of the facility. Travel expenses, including registration fees, are not to be paid from imprest funds. Imprest funds are not intended to be used as a means to circumvent state purchasing procedures; and

(M) Claims for late payment penalties not submitted in accordance with the accounting procedures established by the Office of Administration, Division of Accounting. It is the submitting agencies' responsibility to verify that late payment penalties are calculated correctly pursuant to section 34.055, RSMo. The Office of Administration, Division of Accounting may ask for documentation to support that the agency has recalculated and verified the correct late payment penalty amount. Ensure a copy of the invoice that was paid late is attached to the late payment penalty invoice. Late payment penalties should be paid from funds appropriated in the fiscal year in which the goods or services were delivered. If that fiscal year has lapsed, use current fiscal year funds.

(3) The following are unallowable claims for the purpose of the appropriation charged:

(A) When the description of the claim indicates that the expenditure is not within the



purpose of the appropriation being charged. For allowable claims, the following appropriation type definitions apply:

1. Expense and equipment—all expenditures for operating services, supplies, rentals, professional and technical services, other charges necessary to the operation of an agency, acquisition of equipment, and major repairs that extend the useful life of the equipment. This appropriation type also includes expenditures for operational repairs to state-owned facilities which do not increase their capacity or operating efficiency or enhance their function and are limited to ten thousand dollars (\$10,000) per project. Expense and equipment appropriations may also be used for capital improvements to offices and buildings up to ten thousand dollars (\$10,000) when no capital improvement appropriation exists and the expenditure is approved by the director of the Division of Facilities Management Design and Construction and the assistant director of the Division of Accounting. Expense and equipment appropriations do not include employee's wage/salaries, land acquisition, building acquisition, building construction, building demolition, and capital improvements other than those allowed above;

2. Capital improvements—substantial expenditures for the purchase of capital assets (land and buildings) and the extensive repairs and improvements to a capital asset which increases its capacity or operating efficiency by extending its useful life and/or enhancing its function. Purchase costs include purchase or contract price, delivered accessories, delivery charges, and other purchase-related costs. Extensive repair and improvement costs include materials and supplies directly related to the project and necessary to its completion and other related costs to the project;

3. Personal services—all expenditures for salaries, wages, and related employee benefits; and

4. Program/specific—expenses for a group of activities or services performed for an identifiable group to serve a specific purpose. This appropriation type allows any type of expenditure necessary to fulfill the intent of the program as defined in the corresponding house bill. Program appropriations may be broadly constructed or contain restrictive language for specific purposes;

(B) When the invoice order date or service period indicates that the expenditure is being applied to an incorrect fiscal year appropriation. For the purpose of certification for correct fiscal year, the invoice should be dated within the fiscal year being charged. If the invoice is for services, it should indicate that

the services were provided in a time frame within the fiscal year being charged. Unless exempted in the following paragraphs, claims for services provided in the next fiscal year cannot be charged to the prior year appropriation:

1. Exception: Invoices for subscriptions, membership dues, post office box rentals, maintenance agreements, and premium payments for insurance coverage, may be paid from the current fiscal year even though the terms may overlap into the next fiscal year;

2. Exception: A prior year claim may be paid from a current fiscal year appropriation if the vendor presented the claim to the state agency within two (2) years after the claim began to accrue (section 33.120, RSMo);

3. Exception: A service invoice may be paid from the current fiscal year for services to be provided in the next fiscal year if the vendor is requiring immediate payment in order to grant a cost savings discount or if it is in accordance with contract terms. An example would be an invoice for a seminar to be held in the next fiscal year for which the vendor is giving an early prepayment discount. Registration fees may be paid from the current fiscal year for events to be held in the next fiscal year when time is insufficient to process the payment; and

4. Exception: A service invoice for services spanning two (2) fiscal years may be prorated between the two (2) fiscal years appropriations or paid entirely from the most recent fiscal year's appropriation; and

(C) When a claim is submitted against an appropriation for which there is an insufficient appropriation balance.

(4) The following are other types of unallowable claims pending resolution of the incorrect condition when:

(A) The vendor name on the invoice/document does not agree with the vendor name entered on the warrant request;

(B) The amount to be paid does not agree with the amount on the vendor invoice/document;

(C) The object codes used do not relate to the descriptions of the goods or services purchased pursuant to the object code descriptions published in the *Chart of Accounts Manual* issued by the Office of Administration, Division of Accounting;

(D) Travel expense claims not in compliance with the requirements of 1 CSR 10-11.010 *State of Missouri Travel Regulations*; and

(E) Claims for expenditures are not documented with one (1) of the delivery receiving report methods described in the *Financial Policies and Procedures Manual* issued by the

Office of Administration, Division of Accounting. Exceptions would be for those types of items or services for which advance payment is the normal business practice or is a condition of the sale by the vendor or is in accordance with contract terms.

(5) The following are the requirements for vendors who desire to have claims paid through direct deposit:

(A) Vendors on the Statewide Vendor File desiring to participate in the state's direct deposit program have two (2) options for enrolling. One (1) option is to complete a vendor Automated Clearing House/Electronic Funds Transfer (ACH/EFT) Application. The application is available on the web at www.oa.mo.gov/acct under Forms. The form is also available by contacting the Office of Administration, Division of Accounting at (573) 751-2971. The second option is to register on the State of Missouri's eProcurement system and include ACH/EFT information when completing the registration. The completed ACH/EFT application or registration authorizes the Office of Administration to deposit (credit) a vendor's designated checking or savings account for the payment amount. It also authorizes a vendor's account to be debited only when an error has occurred resulting in an erroneous payment to the vendor;

(B) Direct deposit of vendor payments will begin following the submission of a properly completed application form to the Office of Administration, Division of Accounting, or an approved registration in the eProcurement system, the successful processing of a test transaction through the banking system and the election by a state agency to make payment to a participating vendor using the direct deposit option; and

(C) The state will conduct vendor direct deposit through the automated clearing house system, utilizing an originating depository financial institution. The rules of the National Automated Clearing House Association and its member local Automated Clearing House Associations apply, as limited or modified by law.

(6) The following are the requirements established to allow payroll deductions from employee compensation for authorized voluntary products:

(A) Definitions. The following terms and meanings apply to vendor payroll deductions:

1. Vendor—any private insurance carrier or company, a labor union, an employee association, or credit union;

2. Labor union—an exclusive state employee bargaining representative established



in accordance with sections 105.500-105.530, RSMo;

3. Employee association—an organized group of state employees that has a written document, such as bylaws, which govern its activity, and that is not a private insurance carrier or company, credit union, or exclusive bargaining representative for state employees established in accordance with sections 105.500-105.530, RSMo;

4. Credit union—a financial institution located in Missouri, which has a state charter and is insured by an agency of the United States government or credit union share guarantee corporation approved by the director of the Missouri Division of Credit Unions; and

5. Dues—a fee or payment owed by an employee to a labor organization as a result of and relating to employment in a bargaining unit covered by an existing labor agreement or a payment owed by an employee for membership in an employee association;

(B) The vendor providing a product or service is responsible for fulfilling all prescribed standards with applicable federal and state regulatory agencies;

(C) The proposed payroll deductions are to be for programs or services which do not duplicate existing programs and services provided by statutorily authorized entities (for example, Missouri State Employees' Retirement System, Missouri State Highway Employees' Retirement System, and State of Missouri Deferred Compensation Commission);

(D) The proposed service or program are to be offered on a consistent and continuing basis and be reasonably anticipated to be available for a period of five (5) or more years;

(E) Requests for payroll deductions by the vendor are to be submitted to the Office of Administration in writing on official company or association stationery plus all relevant product information and marketing materials that fully describe the proposed product;

(F) Within a period of ninety (90) days, the vendor applicant for payroll deduction authority is responsible for obtaining a minimum of one hundred (100) state employee-signed applications for the proposed product, employee association, or credit union membership. The ninety- (90-) day period for obtaining one hundred (100) employee signatures will commence on the date designated by the Office of Administration acknowledgement to a payroll deduction request in accordance with subsection (6)(E);

(G) The commissioner of administration will terminate voluntary payroll deduction authority for any product that does not maintain at least one hundred (100) active employ-

ee deductions;

(H) Solicitation by a vendor of signed employee applications or memberships are not to be performed in state facilities at any time with the exception of vendor products that are eligible under Section 125 of Title 26 of the United States Code and compliant with 1 CSR 10-15.010 and section 33.103, RSMo;

(I) Labor unions do not need to comply with subsections (6)(E)–(G) to become a vendor and collect dues, but are to be recognized as an exclusive bargaining representative by separate resolution agreement with the commissioner of administration in accordance with sections 36.510 and 105.500–105.525, RSMo;

(J) Vendors need to maintain a current primary point of contact with the Office of Administration;

(K) The commissioner of administration may reduce, suspend, or discontinue an employee's voluntary deduction when the net pay, after all mandatory deductions prescribed by law, is insufficient to meet wage garnishments, sequestrations, or levies prescribed by law or court order or when the vendor fails to fulfill the applicable standards prescribed by law or applicable federal and state regulatory agencies; and

(L) Send requests for payroll deduction authority to: Commissioner of Administration, Office of Administration, PO Box 809, Jefferson City, MO 65102.

AUTHORITY: sections 33.030(3), 33.103, 370.395, and 536.023, RSMo 2016. Original rule filed Aug. 15, 1994, effective Jan. 29, 1995. Amended: Filed Oct. 3, 2018, effective May 30, 2019. Emergency amendment filed Feb. 11, 2020, effective Feb. 27, 2020, expired Aug. 24, 2020. Amended: Filed Feb. 11, 2020, effective Aug. 30, 2020.*

**Original authority: 33.030, RSMo 1945, amended 1959; 33.103, RSMo 1951, amended 1969, 1975, 1977, 1987, 1989, 1990, 1993, 1997, 1998, 1999, 2004, 2005, 2008; 370.395, RSMo 1982; and 536.023, RSMo 1975, amended 1976, 1997, 2004.*