14. POLICIES AND PROCEDURES FOR DISBURSEMENTS

I. GENERAL INFORMATION

A Request for Disbursement Form must be completed for all payments. Forms should be submitted within 30 days of the vendor due date. Reimbursements should be submitted within 30 days of the expense. Reimbursements for expenditures more than one year old may not be accepted. Any disbursement request more than one year must be accompanied by an explanation of time lag and submitted to the Foundation Executive Director or CFO for approval.

Each request for disbursement must be accompanied by the appropriate documentation that includes the nature and description of the expenditure, its business purpose and justification. Such documentation should be fully suitable for audit purposes and spell out the "ordinary, necessary and reasonable" nature of the expenditure to achieve an appropriate institutional purpose. If the request appears vague, ambiguous or not clearly related to an institutional purpose, it will be returned for additional justification.

The Foundation is exempt from and generally will not pay Florida and New York sales tax. The Foundation will provide tax exempt certificates in advance of expenditures normally requiring sales tax. The Foundation may pay Florida and New York sales tax for payments not made directly to a vendor.

A separate disbursement request for multiple payments to a single payee is not required. Rather, such payments may be grouped on a single request for disbursement form. This also applies to those situations in which more than one account is to be charged.

Requests for disbursement will not be processed if the fund is in deficit nor will requests for reimbursement under $5.00 be processed. Receipts may be accumulated until the request exceeds the $5.00 minimum.

If an order form or invoice is to be sent with the payment, please include a photocopy to be retained with the disbursement request.

Checks are disbursed weekly on Fridays after 2:00 p.m. Requests for disbursements must be received by the Foundation, UAB 226, by 5:00 pm on Monday in order to be included in Friday's checks. Requests received after this deadline will be processed the following Friday.

II. EXPENDITURES

Policies and Guidelines

The Foundation has a fiduciary responsibility to donors to use gifts for the purpose for which they were given. Expenditures must be "ordinary, necessary, and reasonable" in relation to the educational mission of the University and in accordance with the Foundation's mission; that is, to strengthen the educational programs, research activities, and public service initiatives of the University. Expenditures should be supportive of these objectives and should not be of personal benefit.

The Foundation encourages Fund Managers and those seeking disbursements to make the fullest use of state or other resources whenever possible prior to requesting disbursement of Foundation funds.
In instances where significant disbursements, including grants and awards, are requested prior to the service being performed. The Foundation encourages installment payments so the Fund Manager may monitor and verify the appropriate use of the funds prior to the full disbursement being made.

Listed below are the general conditions required for disbursements. Expenditures must be:

1. Reasonable and have a legitimate business purpose.
2. Supportive of the University’s and Foundation’s mission and programs.
3. Consistent with the purpose and restriction of the fund from which the disbursement is sought.
4. Supported with appropriate documentation including original receipts, invoices, charge slips, etc. This documentation should agree with the amount of the disbursement request. Any exceptions must be explained.
5. Approved by an authorized signatory of the account.
6. In compliance with state and federal laws (including IRS regulations) and Foundation policies.
7. Consistent with the Foundation’s tax-exempt status.
8. "Arms Length" transactions. Expenditures must not inure to the benefit of a private individual. Expenditures related to donor cultivation by the Office of University Development in the form of entertainment, miscellaneous gifts and event tickets, (that are appropriate and reasonable in nature) will be assessed on a case by case basis.
9. Sufficient funds in the account. It is the policy of the Foundation to pay all bills in a timely manner to avoid finance and late charges. In the event that finance and/or late charges occur, payment requires approval by the CFO of the Foundation. In rare cases if irrevocable future funding is forthcoming, and with the approval of the Foundation Executive Director and CFO, spending in excess of the account balance may be considered.
10. Organized and presented in an appropriate manner for an efficient review,

**Expenditures Requiring Advance Approval**

Certain proposed expenditures require prior approval by the appropriate supervising administrative officer. For academic units within schools or colleges, approval of the Dean of the school/college is required.

Deans require approval of the Vice President for Academic Affairs. Other campus administrative units require the approval of their respective Vice President.

The Fund Manager, or other requesting officer, should set forth how the proposed expenditure satisfies the "ordinary, necessary and reasonable" business purpose in relation to the educational mission of the institution.
The University at Albany Foundation
Policies, Procedures and Guidelines

The Foundation must receive the approved request at least ten business days prior to the proposed event and will provide final review. Prior approval forms may be obtained through the Foundation.

Among the expenditures that require advance approval before financial commitments or arrangements are concluded are:

1. Disbursements greater than $100,000

2. Costs for events to be held in one's home that are University-related. Please note that, upon prior approval, the Foundation limits its expenditures or reimbursements to the actual cost of the event [i.e. refreshments] and accepts no liability for damage or injury relating to the event. Hosts are required to maintain appropriate insurance for potential risk. The Foundation may require verification of insurance for the event.

3. Events and receptions where the only attendees are University employees. (Meetings where there is a documented agenda /business purpose do not require pre-approval)

4. Generally, costs for family members and friends to travel with staff on University business or attend University-sponsored events, such as dinners or receptions for visiting speakers or events noted above, will not be paid by the Foundation. Expenses for meals and entertainment for a spouse may be paid if the spouses of guests are also present or invited and if it can be shown that the spouse had a clear University business purpose, rather than a personal or social purpose.

5. Events, receptions and any other disbursement that are involved in a cost share arrangement with an independent third party.

If prior approval was not obtained, the associated charges may be denied by the Foundation.

**Expenditures Not Allowed**
The Foundation's funds are provided through the generous support of donors who are interested in supporting the mission of the University at Albany. As part of the Foundation's careful stewardship of these contributions, it will not allow any of the following expenditures except as noted:

1. Expenditures deemed to be extravagant, excessive or which provide significant personal benefit.

2. Reimbursements for clothing to non-students to attend special events, i.e. formal wear.

3. University parking fees, parking fines, towing charges or traffic violations, (unless approved by the Executive Director of the Foundation).

4. Personal memberships to social clubs, airline clubs, etc. except for the President of the University, the Vice President for Athletics, and the Vice President for University Development and for other positions with approval by the Foundation's Executive Committee.

5. Contributions to charitable and other organizations unless there is a business purpose or relationship to the University as approved by the Executive Director or CFO.
6. Other expenditures not directly related to one's duties.

7. Holiday, celebratory events or other non-student activities where there is no business purpose for the event.

8. Flowers and gifts for any employee, and any relatives of an employee both current and past of the University or Foundation for celebratory occasions including, but not limited to, birthdays, new baby, weddings, etc. This includes gift cards and gift certificates. The Foundation will consider requests approved by the Executive Director or CFO for expenditures for flowers in memory of retired or current faculty/staff, and, in rare cases, to donors or special University friends. The amount of the expenditure should not exceed $100.

9. The Foundation does not allow reimbursement or payment for farewell parties or gifts. If the employee has 10 or more years of service with the University prior to retirement, the Foundation will allow up to $500 of the departments discretionary funds to be used to match funds solicited from other employees and friends to cover the costs of a party and/or gift. The matching funds may not be used toward the cost of gifts and students must be invited to the event.

10. Expenditures for laboratory animals, hazardous chemical or any other controlled or regulated substance without approval of the CFO or Executive Director. (The Foundation relies on the University and the Research Foundation to monitor the storage and use of such items).

11. On occasion individuals who receive an honorarium or payment for service request their payment is made to another individual or entity. Due to IRS regulation, the Foundation is not allowed to make payments to a third party.

**Athletics**

Certain expenditure requests may be unique to the operations of intercollegiate sports and may deviate marginally from the enclosed guidelines. The Foundation will take into consideration the uniqueness of Athletics operation and the related compliance guidelines established by the NCAA over expenses deemed allowable when evaluating the appropriateness of the disbursement request.

**III. COMPLETION OF REQUESTS FOR DISBURSEMENTS**

**Meals & Receptions**

Use of Foundation funds for meals and receptions is permitted when such expenditures are clearly related to advancing the interests of the University, e.g., entertaining potential donors, candidates for employment, or guests to the University; food or refreshments for meetings of University committees, boards, councils, or department meetings with a business purpose. In accordance with IRS regulations, a substantial business purpose must be demonstrated.

Expenses for meals and receptions are expected to stand up to a reasonableness test. Part of the test of reasonableness is to determine whether the expense is extravagant by current and local standards. In those instances where reasonableness of expense appears to be violated, only partial reimbursement will be made.
Reimbursement of personal meals is generally considered taxable income to the recipient when not away from home on business. However, under code section 274, the IRS allows an exception when an employee's expense is directly offset by the employer's reimbursement, and neither is reported on the employee's tax return. The IRS requires:

1) An employee must substantiate the expenses to the employer, returning amounts in excess of substantiated expenses;

2) There must be a business connection for the expenses;

3) The expense must be reasonable and appropriate; and

4) A primary business purpose must be evident, with personal consumption secondary.

The Foundation policy for meal reimbursement follows IRS guidelines. When away from home on business, reimbursement of meals will be allowed in line with University per diem guidelines. Expenses above these rates will only be allowed if a substantial business purpose is met and documentation for actual expenses is submitted for reimbursement.

When not away from home on business, reimbursement will be made only under the terms described above. For reimbursement to occur, actual receipts must be submitted.

The purchase of alcoholic beverages is allowable when there is a direct business purpose and alcohol is appropriate for the venue and function. The quantity and the price should be reasonable. Personal consumption of alcohol when travelling will be a non-reimbursable expense unless entertaining an official guest. Since alcohol may not be provided to minors, alcohol purchased will not be approved for student functions. Alcohol will not be reimbursed for business meetings, events and receptions where the only attendees are University employees.

**Travel**

Requests for reimbursement for travel expenses follow the same general guidelines applied to State accounts. Specifically, the travel must be for an activity related to the employee's role at the University. The destination and purpose of the trip should be clearly identified.

Expense reimbursement should be aligned as closely as possible with the federal rate which the State adheres to. Again, the reasonableness test shall rule. If requesting mileage reimbursement, include the number of miles traveled, destination and purpose of the trip. Mileage will be reimbursed at IRS approved rates.

When an individual is being reimbursed for travel expenses in part by the State or Research Foundation funds, the difference between the maximum permitted from either funding source and the individual's actual expenses for all travel-related expenses except individual meals may be paid from a Foundation account. Since original receipts are required with the State or Research Foundation Travel Reimbursement voucher, copies of the receipts, (including a copy of the State or Research Foundation Travel Reimbursement voucher, if available) or an accounting from the University of the amount outstanding with a detailed explanation of the business purpose of the travel, will be required as supporting documentation.

When a candidate is being recruited for a position, travel expenses associated with the individual's spouse will be reimbursed for only one trip. This trip cannot be associated with initial interview of the candidate.
For all travel reimbursements made from Foundation funds, both the traveler and authorized signor must sign the Request for Disbursement form.

Travelers must purchase the lowest available class fare available that meets the business needs of the trip. In rare instances, if extenuating circumstances justify, exceptions may be approved by the CFO or Executive Director.

**Moving Expenses**

Foundation funds may be used to reimburse certain expenses incurred by new appointees when transporting themselves, their families, and household goods and personal effects to their new place of residence.

The Foundation follows the guidelines outlined in IRS *Publication 521 Moving Expenses* regarding reimbursement of business related moving expenses. “Qualified moving expenses” include the cost of moving household goods and personal effects as well as traveling (including lodging but not meals) to your new home. If travel is by car, expenses to be reimburse can be figured by keeping track of actual expenses (gas, oil) or the IRS standard mileage rate for moving purposes. “Non-Qualified moving expenses” include pre-move house hunting trips, meal expenses and temporary living expenses. Non-Qualified moving expenses cannot be reimbursed unless they are treated as taxable income to the individual.

Reimbursement of moving and related expenses is not mandatory. It is a benefit used to assist in the recruitment of qualified candidates, and it is not expected that every appointee would be authorized payment of such expenses. To be eligible for moving expense reimbursement the following criteria must be met:

1. Distance test as outlined in IRS *Publication 521 Moving Expenses*
2. Full time professional/faculty appointment required
3. Included in the contract/offer letter of the appointment

The following moving expenses are eligible for reimbursement:

1. Basic cost of moving household goods and personal effects
2. Additional insurance above the lowest valuation rate charged
3. Packing/unpacking household goods and personal effects
4. Short duration (30 days) in transit storage
5. Mileage at the IRS standard moving mileage rate for one personally-owned vehicle from the old residence to the new residence
6. Meals* and lodging while in transit
7. Second automobiles and other motor vehicles, boats, and trailers*
8. Expenses for renting temporary living quarters (10 days)*
9. Pre-move house hunting trips*
*Pursuant to current IRS provisions, reimbursement of these expenses represents taxable income to the individual.

Miscellaneous Reimbursements
Receipts, cancelled checks or charge slips totaling the amount requested and the signature of the person seeking reimbursement, attesting to the fact that they have incurred the expenses, are required. Explain any differences between amount requested and total receipts, e.g., individual is to be reimbursed for 50% of expenses, etc. When seeking reimbursement for multiple receipts, please itemize by expense type. Reimbursement made from Foundation funds should include the signature of both the person being reimbursed and an authorized signor on the Request for Disbursement form.

IV. REQUIRED DOCUMENTATION FOR DISBURSEMENTS

Approval Process
Every reimbursement requires the signature of the Fund Manager or authorized signor. If the reimbursement is to that individual and approval by another authorized signor or the Fund Manager’s reporting supervisor is required.

Vendor Payments
To pay a vendor, please remember to attach the following documentation to the Request for Disbursement:

1) Original invoice (unless exception is granted)

2) Quote from vendor, if applicable (see Commodities and Services, below)

3) Purpose or description of expense

4) If payment is for a departmental meeting, lecture, conference or reception, the following information is requested:
   a. Flyer, announcement, invitation or registration form
   b. Purpose of event
   c. Agenda or program booklet
   d. List of attendees, if applicable
   e. Contract for services, if applicable

5) If payment is for travel, the following additional information is requested:
   a. Destination or itinerary
   b. If foreign travel, the appropriate currency exchange rate must be used to convert to U.S. dollars.

6) IRS form W-8 or W-9

Revised: 4/5/2017
Supplies and Services (see Vendor Quote Form)
The documentation required to purchase supplies and or services depends on the value of the purchase. Please keep these levels in mind when requesting disbursement for supplies or services:

- **$0 - $4,999**: Standard documentation
- **$5,000 - $14,999**: Justification as to the reasonableness of the vendor selected.
- **$15,000 - $99,999**: Generally 2 Quotes are to be obtained and justification if selected vendor is not the lowest bid or sole sourcing is awarded.
- **$100,000 - $299,999**: Generally 2 Quotes are to be obtained and prior approval by Foundation is required. Justification if selected vendor is not the lowest bid or sole sourcing is awarded.
- **$300,000 plus**: Generally 3 Quotes are to be obtained and prior approval by Executive Director of the Foundation is required. Justification if selected vendor is not the lowest bid or sole sourcing is awarded. Payments over $500,000 require approval of two officers of the Board.

Reimbursements
Requests for reimbursements should include:

1. Original receipts (itemized receipt and proof of payment)*
2. Signature of Payee
3. Signature of Account Manager
4. Purpose of expense

*Receipts that are not properly summarized or organized may be returned.*

a) Food
1. Purpose
2. Names and titles of attendees
3. Interview candidates: Provide itinerary
4. Meetings: Provide agenda
5. Lectures: Provide a flyer or announcement

b) Conferences
1. Copy of program booklet or agenda
2. Registration form
3. Original receipts for all other miscellaneous expenses

c) Travel
1. Destination or itinerary
2. If foreign travel, the appropriate currency exchange rate must be used to convert to U.S. dollars.
3. Purpose
Scholarships & Awards *(See Student and Financial Aid for related IRS guidance)*

1. Name, Student ID number, and address of recipient
2. Copy of scholarship or award application, if applicable
3. Selection committee member names and titles, if applicable
4. Selection criteria (i.e. Junior who is pursuing a degree in Biology)
5. Explanation as to how and why person was selected
6. IRS form W-9 or W-8

Honoraria

1. Name, Student ID number, and address of recipient
2. Description of services provided
3. Flyer or invitation of the event
4. Faculty/Staff: Extra Service Papers required
5. IRS Form W-9 or W-8

Transfers

It may be possible in limited circumstances to transfer funds from one Foundation account to another Foundation account. The Foundation may be restricted from transferring some funds based on donor restrictions or legal requirements for the use and expenditure of certain funds. A Fund Manager may check with the Foundation before making a transfer request to find out if a request is viable.

To request a transfer, submit the following in writing to the Foundation:

1. Account numbers and amount to be transferred
2. Explanation for the purpose of the transfer

Payments to External Vendors

Payments to external parties that equal or exceed $10,000, whether by check, electronic funds transfer or wire transfer, require dual signature and/or approval of two authorized Foundation officials. Such officials are identified via Foundation Board resolutions that are passed from time to time.

Payroll

The Foundation does not maintain a human resources or payroll department, all Foundation payroll and fringe benefits are maintained and processed by a third party. As such all program payroll must be processed via the University or the Research Foundation. If the nature of the personal service performed is for something that could have been paid by the Foundation per the related donor gift agreement, the Foundation can reimburse the University IFR and certain Research Foundation accounts.

Extra Service Compensation or Honoraria to University or Research Foundation (RF) Employees

When the Foundation makes a payment to an individual for services provided and the individual is a University or RF employee, full or part time, the Foundation must also treat the individual as an employee. Hence, this requires the payment to be processed through normal University or RF payroll processing procedures. If the expense is for something that could have been paid by the Foundation per the donor gift agreement, then with proper documentation and signatures submitted, the Foundation can reimburse the University IFR or RF account.
Independent Contractors
Additional documentation may be required to be completed and submitted along with a disbursement request, requesting payment for services to an individual who is not an employee of the University, Research Foundation or the Foundation. This is necessary to comply with IRS regulations and in order to establish the relationship with the individual as being independent of an employer – employee type which would subject the payment to payroll taxes. Generally, an employee is defined as an individual who performs services for which the employer controls the method of what will be done, how it will be done, and the result of the services. An Independent Contractor Questionnaire Form may be required to be completed and submitted along with a disbursement request, in order for the Foundation to determine the proper category.

V. OTHER FORMS AND WHEN TO USE THEM

Request for Advance
This form should be completed when requesting an advance for expenses generally should be in excess of $500, any advance greater than $1,000 requires approval of the Foundation’s CFO or Executive Director. An outline of the proposed expenses to offset the advance should be attached. The recipient's permanent address and a W-9 is required, as it is Foundation policy (per IRS regulations) to record unresolved advances as income to the recipient.

Advances will only be given to University, Research Foundation or Foundation employees.

An accounting of advances must be made within 30 days. If a timely accounting of advances is not provided, no future advances will be provided to the department. This should include original receipts relating to the expense(s) incurred. If a portion of the advance was not used, a deposit transmittal should be completed and the unused funds returned to The Foundation. If expenses over the amount of the advance were incurred, a Request for Disbursement for the additional amount should be completed.

Tax Treatment of Advances, Pursuant to Section 62(c) of the Internal Revenue Code, advances made to employees or related parties must be accounted for and any excess amounts returned to the employer. Any unaccounted advances are taxable income to the employee or related party and reported to the IRS.