

Policy on Disbursements

I. Purpose of the policy/Policy statement

This policy ensures that disbursements made by the USC Upstate Foundation (Foundation) are consistent with the mission of the Foundation, the principals of good stewardship, and all applicable federal and state restrictions required by the Foundation.

II. Overview

In spending Foundation funds, the Foundation and University require accountable officers to exercise good judgment, display just prudence, and maintain a high sense of ethics in making expenditure decisions. Disbursements will be monitored for reasonableness.

Funds that are comprised of gifts and bequests made for specific purposes must be rigorously administered by the Responsible Party and Fund Administrator to ensure that such funds are used solely for purposes prescribed by the donor. It is recommended that the Responsible Party and Fund Administrator maintain a record of donor restrictions for each fund to assist in compliance.

All disbursements must have appropriate documentation and written justification showing that the expenditures fall within the fund guidelines and contain a clearly stated business purpose. Below are policy guidelines for specific expenditures that might be requested from Foundation funds. If after reading these guidelines there are still questions concerning the appropriateness of any expenditure, please contact the Foundation office for further clarification.

The following guidelines govern all disbursements:

- The Fund Administrator (as identified in the fund documentation) is responsible for ensuring that there are sufficient monies in the applicable fund to cover requested disbursements. Quarterly reports are provided to each department that administers funds. Requests from funds with insufficient available balances will not be paid.
- Use of funds must not jeopardize the Foundation's tax-exempt status.
- Individuals are prohibited from entering into a contract bearing the name of the Foundation or charging expenses to an account in the name of the Foundation.
- No expenditure - direct or indirect - may be made for political contributions.
- The Foundation only makes disbursements for actual, allowable costs. The Foundation does not make disbursements based on estimates or quotes, nor does it provide cash advances or per diems for travel expenses.
- The Foundation is required to pay sales tax for the purchase of tangible goods. When submitting invoices for direct payment to vendors, the individual submitting the disbursement request is responsible for ensuring that sales tax has been appropriately included on the invoice.
- Disbursement requests must be submitted within 30 days of incurring an expense.
- All vendors must have a current IRS W-9 on file before payment can be submitted. It is the responsibility of the individual submitting the disbursement request to ensure that a W-9 is on file or is included with the disbursement request.
- An employee should neither gain nor lose personal funds as a result of incurring expenses on behalf of the University or Foundation. If the Foundation pays a reimbursement for any expense that is subsequently fully or partially refunded, the

employee is required to notify the Foundation and remit any refunds or credits back to the Foundation.

III. Disbursement Request Procedure

All requests for disbursement must be submitted to the Foundation using a Request for Payment form and must include appropriate documentation of expenses and authorized approvals.

Original invoices and/or receipts must be submitted.

- If you are missing a required receipt, please contact the merchant to obtain a copy.
- If an original receipt is not available after contacting the merchant, a detailed explanation must be provided.
- Receipts should be dated and have the vendor's name pre-printed on them.

Invoices and receipts should always be itemized, clearly indicating the nature of the expense.

- Hotel bills must be itemized, with business expenses indicated.
- Receipts for meals must include both the itemized copy and the summary copy that shows tip and signature. Individuals should clearly indicate the names of all who attended the meal, the business purpose, and the expected benefit to the University. IRS regulations require detailed information for such reimbursement.

Failure to follow these procedures may result in non-payment of the expense.

IV. Reimbursable Expenses

A. General Operating Expenses

Operating expenses may include items such as tangible goods, materials and supplies; professional and contractual services; fees for professional memberships and conferences; marketing and advertising; and honoraria. Provided they meet all of the other criteria for reimbursement eligibility, the Foundation will reimburse such expenses regardless of whether they are paid by the University or by individuals. All eligible employee, contractor and student expenses that would normally be paid by the University through payroll or student accounts (such as salaries, stipends, awards and scholarships) must be paid directly by the University and reimbursed by the Foundation.

B. Travel

- Foundation funds may be used to reimburse University employees for travel-related expenses incurred while conducting business for the benefit of the University
- All travel reimbursements will follow current state and University guidelines. Employee travel and the associated expenses will be authorized only in circumstances which are clearly consistent with the mission of the University and the Foundation.
- The Foundation does not provide cash advances. Employees should make their own reservations and pay for them personally, then submit a request for reimbursement upon completion of the travel.
- When significant travel expenses are required to be paid well in advance of actual travel (such as making airline reservations early to secure the best rate), the Foundation will consider requests for reimbursement in advance of the actual travel.

- The Foundation's insurance does not provide coverage for reimbursable travel expenses incurred by University employees, including use of personal vehicles, rentals, airfare, etc. University employees are responsible for ensuring that they have appropriate coverage per University guidelines.
- Transportation, meals, lodging and other travel costs for non-business guests are not reimbursable.
- If a trip is extended for personal reasons, expenses incurred for that portion of the trip are not reimbursable. This includes, but is not limited to vehicle rental days, additional mileage or ground transportation fees, parking fees and tolls, hotel expenses and meals.

1. Air Travel

- Travelers are expected to book coach class airfare.
- The Foundation will provide reimbursement for checked baggage of up to one bag and for one carry-on in which the employee must pay for on the flight.

2. Automobiles and Ground Transportation

- In general, a midsize car is preferred; however, the size and type of the rental car should be appropriate for the number of people in the car and the road conditions on which it will be used.
- For the use of personal automobiles, employees will be reimbursed at the same rate per mile as that used by the University.
- Tolls and parking paid by the employee while traveling on University or Foundation business are reimbursable expenses.
- Other ground and local transportation such as trains, subways, buses, taxis, Uber/Lyft and shuttles is often economical, and receipts are generally available and should be obtained.

3. Lodging

- Employees are encouraged to stay in reasonably priced hotels and government, or corporate rates must be obtained where possible.
- Business related costs assigned to the hotel bill (folio) such as business phone charges and business internet access are allowable. However, personal entertainment expenses such as in-room alcoholic beverages, in room movies, and recreational activities are not allowable.

4. Meals

- Employees shall be reimbursed for meal expense at University approved levels while traveling away from home on business.
- Meals during daily travel (which is not "overnight") are considered the responsibility of the individual.
- Meals with prospects, donors, volunteers, and other business-related individuals (not colleagues) are considered entertainment.
- The Foundation will reimburse gratuities up to twenty percent (20%) of the cost of the meal. When gratuities are automatically added to a bill, an additional tip above this service charge is not permitted if it exceeds the 20% threshold.

C. Guest Travel

- Foundation funds may be used for reimbursement of travel expenses related to a guest or non-University employee for business-related expenses if the reimbursement does not conflict with the purpose or donor restrictions associated with the Foundation account to be charged. Non-employees would include consultants, lecturers, employment candidates, donors, etc. Covered expenses would include the same business-related expenses applicable to University employees.

- Travel expenses for a spouse will be covered if there is a legitimate business purpose that must be specified (i.e., when the presence of the spouse is considered helpful to a fundraising effort or to participate in events at which spouses of prospects, donors, etc. are in attendance). Both guest and spousal travel must be pre-approved via appropriate travel authorization.

D. Business Meals (Entertainment)

- Business meals typically feature discussion, usually of a private or semiprivate nature, and are usually small in scale.
- Alcohol is an allowable and reimbursable Foundation expense during a business meal. However, an employee should consume alcohol responsibly and with moderation at any such event, and consumption of alcohol must not interfere with the performance of the employee's duties and responsibilities related to employment.
- Business meals shall be reimbursed provided they support a University purpose, the expense is in accordance with donor restrictions, there are sufficient funds in the specific Foundation account, and the authorized signer approves the invoice for the employee reimbursement.
- Expenses will either be reimbursed after the expense has been paid, or direct payment will be made to the vendor. The amount to be reimbursed will be the lesser of the actual expense incurred or the specified limit.

E. Events

- Events include programming beyond discussion during a meal. Examples of programming include speakers, awards, student/faculty demonstrations; panel discussions; product previews; research posters; competitions; film screenings; art exhibits; tours; organized and/or participatory activities (e.g., golf outings); and so forth.
- For events hosted by the University, expenses will typically include venue rental and insurance costs; staging costs (e.g., lighting, video, audio, stage); expenses for decorations and furniture set up; expenses for parking; expenses associated with printing/mailing of flyers and invitations; expenses associated with entertainment; expenses to reimburse the travel of guests/presenters; as well as expenses for food and beverages.

F. Membership and Professional Organizations

- Dues and fees for individual membership in University related or professional organizations may be paid from Foundation funds where such memberships are deemed necessary for business purposes.
- Certification fees or fees for licenses to practice a profession related to the University or foundation may be paid upon with Foundation funds.
- Parties for employees are reimbursable as long as the expenditures are consistent with the fund purpose and the party has a stated justifiable purpose in support of the mission of the University (e.g., a holiday luncheon, a retirement reception, an award ceremony, a special morale affair, or a celebration of achieving departmental goals to which employees of the department are invited). Any disbursement found to be extravagant will be questioned. Since baby and wedding showers commemorate personal events, expenses for these events are not reimbursable.
- Non-University events are those events created and hosted by independent legal entities that are not USC Upstate or one of its Direct Support Organizations.

- Cash donations to other charitable organizations are prohibited. Donating to other charitable organizations constitutes the redirection of donated funds intended to support the mission of the Foundation.
- Payment for tickets to charitable events where a meal or other entertainment is provided may be reimbursed or paid if attendance to the event serves a Foundation or University business purpose.

G. Recreational Organizations

- Personal use of a recreational club is considered a taxable fringe benefit and the value of these benefits is taxable to the employee.
- To substantiate business use of the club, employees must furnish a usage log to decrease or alleviate the tax liability to the employee.
- Payments for club dues and memberships that are determined to be personal in nature are taxable benefits.

H. Gifts

- Expenses related to gifts offered to a University employee, non-employee, donor, or charitable organization may be funded from a Foundation account.
- Gift expenses shall be reimbursed provided that they support a University purpose, the expense is in accordance with donor restrictions, there are sufficient funds in the specific Foundation account, and the authorized signer approves the invoice for the employee reimbursement.
- The Foundation has the obligation to comply with IRS regulations regarding gifts to employees.
- Some gift expenses (based on the value of the gift, the purpose of the gift, or the recipient of the gift) are not appropriate uses of Foundation funds and therefore will not be reimbursed with Foundation funds.
- All reimbursement payments for gifts must be reasonable, of prudent use, and within the mission of the Foundation. Any gifts to a donor greater than \$150 must be approved by the University Chancellor, Provost, or area Vice Chancellor.

I. Scholarships and Fellowships

- Student awards, scholarships, and fellowships must be paid to students via student accounts. **No checks will be made payable directly to a student.**
- Funds will be disbursed for any of these purposes unless the donor intent or restrictions specifically prohibit the use of one of these categories. It is the Department's responsibility to ensure that students meet the criteria for receiving the award and random audits may be performed to ensure compliance.

V. Non-Reimbursable Expenses

Non-Reimbursable expenses include, but are not limited to, the following:

- Airline club dues
- Hotel frequent-stayer clubs
- Rental car club membership fees
- In-room or in-flight movies
- Fines for traffic violations
- Parking citations
- Other fees/fines due to employee negligence
- Air or personal cell phone charges, except in emergencies
- Costs of commuting to/from work/home
- Personal travel expenses
- Insurance on life or personal property while traveling

- Personal items
- Expenses for family, child, pet, home and property care while on a trip
- Lost/stolen items
- ATM/Cash Advance fees

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RESPONSIBLE COMMITTEE: Finance