

PROCEDURES – CASH DISBURSEMENTS

CASH MANAGEMENT

Control Objectives:

To ensure that cash is disbursed only upon proper authorization and that the request for payment is supported by the appropriate documentation, is for valid business purposes, and is properly recorded.

All disbursements must

- Provide a direct benefit to the Foundation or University
- Be properly reported for tax purposes
- Be used in compliance with any donor restrictions

Guidelines:

All expenditures must:

- 1) Have a bona-fide business purpose or qualified program purpose
The IRS may view a disbursement as providing a personal benefit if there is any doubt concerning its business purpose. Even though in some cases the business purpose may be implied, it must be specifically documented to pass IRS scrutiny.
- 2) Be properly substantiated
The SCSU Foundation will not reimburse for expenses if original receipts are not provided.
Exception:
Partial Reimbursement from University sources:
If an employee is reimbursed for a portion of his/her expenses from University sources, a copy of the receipt and the State reimbursement form will be accepted.
Credit cards:
Credit card statements do not provide adequate supporting documentation. Original receipts for credit card purchases are obtainable from the vendor and should always be attached to the check request.
- 3) Be accounted for on a timely basis
The SCSU Foundation will not reimburse for expenditures if they are not submitted in a timely manner within IRS specified deadlines. Refer to General Procedures “F.”

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General Procedures:

- A. All businesses who wish to receive direct payment from the Foundation must complete a Form W-9 – Request for Taxpayer Identification Number and Certification (update annually).
- B. The Foundation is exempt from paying State of Connecticut sales tax on purchases. Contact the Foundation Business Office to obtain the Tax-Exempt Certificate Number and, if needed, a copy of the Certificate. When making purchases, notify the vendor and provide the Tax-Exempt Certificate Number.
- C. All disbursements must be for the benefit of the Foundation and/or the University and not for the private benefit of any individual. Therefore, no self-directed purchases are allowed. An individual cannot approve a reimbursement or payment to him or herself. Approval must be co-signed by the individual's Foundation or University supervisor.
- D. An individual may be reimbursed for expenditures but original supporting documentation must be submitted to the Foundation with the disbursement request.
- E. Expenditures must not be in violation of the policies established by the Foundation for disbursements. The Foundation will not reimburse for:
 - 1. Personal expenses for family members;
 - 2. Personal meals when not on official travel;
 - 3. Purchase and/or maintenance of equipment located at a home or other off-site location;
 - 4. Political contributions;
 - 5. Questionable items, such as those not in compliance with policies established by SCSU University or the Foundation, or those that may give the perception of misuse of charitable funds;
 - 6. First class or business class travel, except when extenuating circumstances occur and the expense has been pre-approved;
 - 7. Loans to university employees, other than students, as part of a financial aid package;

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8. "Lavish or extravagant" costs for meals or other entertainment expenses;
 9. Payments of fines (i.e. parking tickets), penalties or finance charges;
 10. Faculty/staff parties, gifts to faculty/staff members, and/or faculty/staff celebrations; or
 11. State of Connecticut sales tax.
- F. All requests for reimbursement must be received by the Foundation within a timely manner not to exceed 60 days from the expenditure to be eligible for reimbursement.
- G. Cash advances are generally prohibited; however on the occasion that they are required, the Program Director must prepare a Disbursement Request Form including the Tax Identification Number (TIN) of the recipient and reason for the advance. All cash advances MUST be settled within thirty (30) business days after returning from travel. In addition, the Foundation requires some form of documentation from the recipient as to the purpose of the advance. Settlement of the advance will only be deemed complete once the Foundation Business Office has received complete invoiced documentation and any unused cash is returned. Failure to settle an advance in a timely fashion will result in an IRS Form1099 being issued to the recipient of the funds.
- H. In the event it is necessary to issue a "Stop Payment" on a check, any stop payment fee applicable at that time will be charged to the project from which the check was issued.
- I. The Foundation will reimburse travel expenses for:
(See "Employee Travel Voucher" Procedures for details).
1. Inter-and intra-city transportation, including coach air, rail and bus travel. Documentation must be provided which indicates amount paid and destination. A boarding ticket must accompany reimbursement requests for air, rail, and bus travel.
 2. Cost of meals/entertainment while on official business, provided the purpose of the business is identified, any guests included in the expense are identified and original receipts are attached.
 3. Auto mileage at the rate approved by the IRS, actual tolls and parking fees while on official business.

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DISBURSEMENT REQUESTS

All invoices are to be mailed directly to the Foundation Business Office. The Business Office staff will fax a copy of the invoice to the appropriate Program Director for their approval and the preparation of a Disbursement Request Form.

DISBURSEMENT REQUEST FORMS

Submit all requests for disbursements on an SCSU Foundation Disbursement Request Form (see Appendix). The form must be completed in its entirety accompanied by the original invoices and must include the following information:

- A. Program / Project Name
The Designated name of the program and/or project as documented on file;
- B. Project ID Reference
System Designation Name of Fund (If not known, please contact the Business Office);
- C. Reason For Payment
Detailed explanation regarding the purpose for which funds are being expended;
- D. Detailed original supporting documentation (invoices, packing slips, receipts)
Balance due statements are not acceptable;
- E. Signatures
The form must be signed by the authorized signer having signature authority on the account (fund).
If the check is to be made payable to the requestor or the authorized signer, that person's supervisor must sign the form.
Dual signature for all request forms from the Athletics department;
- F. Changes made to any of the information on the form must be initialed by the person who signs the form to confirm his/her approval; otherwise the form will be returned to the sender.
- G. Properly completed W-9 for all vendors (to be updated annually).

Processing

Retain a copy of the Disbursement Request Form and supporting documentation for your records. No copies will be forwarded to the sender.

The SCSU Foundation will mail all checks directly to vendors or payees.

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If the Disbursement Request Form is incomplete or is missing supporting documentation, the missing information will be identified and all paperwork will be returned to the sender without prior notification.

Disbursement Request Forms will be processed by the Foundation Business Office and payments will be completed every other week (refer to most current schedule). Because all requests are reviewed prior to being processed, requests will be handled in the order received. This may result in some of the later arrivals being delayed until the following payment schedule.

BUSINESS OFFICE PROCEDURES

Upon receipt of the Disbursement Request Form in the Business Office, the assigned staff will:

- Review all forms to ensure:
 - Correct Designation/Account name and GL expense code
 - Original and appropriate supporting documentation (as described above) is attached
 - Explanation of business purpose is provided
 - Compliance with all 501(c)(3) regulations, IRS regulations, federal government regulations, Secretary of State regulations, etc.
 - The signature on the form agrees with the signature on the account.

- Obtain Business Manager approval
- Enter data to the accounting system
- Generate checks for signature
- The Business Manger obtains the appropriate signatures on the checks in accordance with the Foundation's Endorsement Requirements Policy:
The Executive Director of the Foundation will serve as the primary check signer. Two signatures are required on all checks for amounts exceeding \$5,000. For checks of \$10,000 and above, two signatures are required, one of which must be an authorized Board representative. Under no circumstances may disbursements be split into multiple checks to avoid the aforementioned requirements.
- The signed checks are mailed directly to the vendor or are picked up by the requesting department as indicated in the instructions on the Disbursement Request Form. If picked up, the Disbursement Request Form must be initialed or signed by the person receiving the check.

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PAYMENTS TO UNIVERSITY EMPLOYEES

Payments made to university employees as awards or for services in excess of their usual duties must be included on the employee's Form W-2. Therefore, all such payments must be made payable to the University to be processed through the University payroll system.

ALL UNDERGRADUATE AND GRADUATE STUDENTS

Payments to and for the benefit of students can be for scholarships, awards, employment-related, or for reimbursement of expenses.

SCHOLARSHIPS

Scholarships are payments made to assist in retaining students, with no benefit expected.

➤ **Required information:**

Required information regarding the recipient(s) which must accompany the Disbursement Request Form includes:

- Name & Address
- Student ID #
- Academic Year
- Scholarship Name & Designation/Project ID

All scholarship payments are payable to the University with the attachment of the information noted above.

- Any payment given for services rendered, even if it is called a scholarship, is compensation and must be reported on a Form W-2 through the University payroll system.

AWARDS

Awards are designed to recognize achievement. Awards to recognize academic achievement may be paid directly to the student. An *IRS Form W-9* must accompany the Disbursement Request Form.

- ❖ Awards paid to students are considered taxable and are reportable on Form 1099 under *IRC Section 74*.

EMPLOYMENT RELATED PAYMENTS

If a student is given funds for which he/she must work, that student must be considered and processed as an employee, which is handled through the University's payroll system.

- ❖ Any payment given for services rendered, even if it is called a scholarship, is compensation and must be processed by the University and reported on a Form W-2.

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CASH DISBURSEMENTS – TRAVEL REQUESTS

APPROVAL POLICY:

In order to ensure that travel is approved in an impartial manner, travelers may not approve the reimbursement of their own travel expenses. In addition, an employee shall not approve the travel expenses of an individual to whom he or she reports either directly or indirectly. An employee also may not approve the travel of a near relative.

PROCEDURE

An itinerary with a brief description of the business activity for each day must be provided along with the DISBURSEMENT REQUEST FORM. If the reimbursement request relates to attending a conference, a copy of the brochure with a note stating the traveler attended the event is acceptable.

If a Travel Advance was issued and the actual expenses exceed the amount of the advance, deduct the amount advanced from the request for reimbursement.

If a Travel Advance was issued and the actual expenses are less than the amount of the advance, remit a check made payable to the SCSU Foundation along with all the documentation required to substantiate the disbursement as noted below.

► Itemization of the expenses:

Hotel – the receipt must be a bill that itemizes the charges. If the charges on the hotel bill are for other than room and tax, those items must be identified and explained separately.

Meals – the per diem rate or actual costs (with receipts) may be used for meals.

- **Domestic Travel:** use the U.S. State Department domestic per diem rate.
<http://www.gsa.gov>
- **Foreign Travel:** use the U.S. State Department foreign per diem rate.
<http://www.state.gov/m/a/als/prdm>
- **Actual meal expenses:** if billing for actual meal expenses, include a receipt for all meals. Amounts exceeding the per diem rate may be questioned.
- **Meal reimbursements that include others:** the name and affiliation of the other person(s), and the business reason for their inclusion in the expense must be provided.

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Mileage – a standard mileage rate must be used when requesting reimbursement for business use of a personal automobile. The rate used is that established by the IRS.

Note:

Rental expenses of cars/vans will be reimbursed with prior approval of the expense.

The SCSU Foundation does NOT reimburse for gasoline purchases unless it is a SCSU Foundation owned vehicle.

The SCSU Foundation does NOT reimburse any expenses associated with a university owned vehicle.

- **Airline Travel** – submit the boarding passes that verify use of the ticket, even when the cost has been charged through a travel agency and billed directly to the SCSU Foundation. Also, include the original travel agent invoice or airline invoice that documents the amount paid for the fare, if the purchase was made directly and not through an agent.
- **Currency** – convert foreign travel expenses to US dollars using one of the following guidelines:
 - based on the historical exchange rate on the date incurred or on the date US currency was exchanged for the currency of the foreign country
www.oanda.com/convert/fxhistory
 - based on the amount posted to your credit card statement, if paid via credit card.
- **Expenses of a spouse** – payment for a spouse who accompanies the employee when traveling is not allowed unless the spouse is an employee and along for a bona fide business purpose.

▶ **Travel in the United States:**

Trip Primarily for Business: If your trip was primarily for business, the SCSU Foundation will reimburse the travel cost of getting to and from the business location and any business-related expenses at the business location.

Trip Primarily for Personal Reasons: If your trip was primarily for personal reasons, none of the travel cost can be reimbursed. However, the SCSU Foundation can reimburse any expenses that were directly related to the business activity.

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► **Travel Advances:**

A travel advance can be provided for extended trips. Submit the following:

- + a completed Disbursement Request Form
 - + signature of account signer with appropriate pre-authorization for the trip
 - + an explanation of the reason for the advance
- A Form 1099 will be issued for amount of the advance if substantiation is not received within thirty (30) days after returning from the trip.

The SCSU Foundation has the right to refuse any request for an advance that is not considered reasonable or is in violation of regulations governing 501 (c)(3) organizations, state ethic laws, or IRS regulations.

► **Entertainment and Meals:**

”Entertainment” refers to and includes expenses associated with attendance at theaters and sporting events as well as the furnishing of food and beverages (meals) at restaurants or other such places or hotel accommodations. These kinds of expenses are reimbursable when they are incurred for business.

”Meals” expenses are reimbursable when food and/or beverages are provided for other persons for business purposes, other than those occasions when an employee is traveling on business. Reimbursement for meals while not on travel is allowed.

Note:

The SCSU Foundation will refuse payment for any meal or other entertainment expense for which the business purpose has not been sufficiently documented. The SCSU Foundation will also refuse payment for any meal considered “lavish” or “extravagant” unless additional explanation or documentation to justify the excess is provided.

A request for reimbursement for entertainment or meals expenses must include the following:

- amount of each separate expenditure
- date of the activity
- place and description of the entertainment (if not apparent from the name of the establishment)
- business purpose for the expense, which cannot be incidental (a short description such as, “discussed XYZ research project, conducted departmental staff meeting,” etc. is acceptable)
- name and affiliation of the person(s) in attendance.