



THE UNIVERSITY OF TOLEDO

FOUNDATION

THE UT FOUNDATION

DISBURSEMENT POLICY

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I. DISBURSEMENT – OBJECTIVES AND GUIDELINES

Control Objectives:

To ensure that disbursements are made 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 University
- ◆ Be directly related to responsibilities of the individual incurring the expense
- ◆ Be properly reported for tax purposes
- ◆ Be used in compliance with any donor and fund restrictions

Accountable Plan:

The University of Toledo Foundation (UT Foundation) has an “Accountable Plan”. The term “Accountable Plan”, developed by the IRS to set forth rules, defines legitimate expense reimbursements and requires submission of original documentation.

A qualified Accountable Plan requires all expenditures to:

1) **Have a Bona Fide business 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 so that a third party would have no question as to its benefit to the institution.

Paying or reimbursing for “Lavish” or “Extravagant” expenses is unacceptable. These terms are used in IRC Sec 162 and are repeatedly used in IRS documentation, usually with a statement that such expenses are non-deductible. The UT Foundation will determine, at its sole discretion, whether expenses are considered “Lavish or Extravagant”. If an expense is considered Lavish or Extravagant, the UT Foundation may deny payment in its entirety or reduce the amount paid. If you feel there is justification for a reimbursement which might be deemed Lavish, please provide your reasoning when submitting the request.

2) **Be properly substantiated.**

THE UT FOUNDATION WILL NOT REIMBURSE EXPENSES WITHOUT ORIGINAL RECEIPTS.

a) **Partial Reimbursement from University sources:**

If an employee is reimbursed for a portion of his/her expenses from University sources, and the UT Foundation is reimbursing the University account (See Section II. Disbursements/ Payment Requests).

b) **Credit card statements:**

Credit card statements are not adequate supporting documentation. Original **DETAIL** receipts for credit card purchases are obtainable from the vendor and should always be attached to the Payment Request Form.

c) Reconstruction of records:

Reconstruction of records may be allowed if originals have been lost through circumstances beyond the person's control, such as fire, flood, etc. (See Section II. Disbursements/ Payment Requests/Missing Receipts).

3) Be accounted for on a timely basis.

THE UT FOUNDATION WILL NOT REIMBURSE FOR EXPENDITURES IF THEY ARE NOT SUBMITTED WITHIN 60 DAYS IN ACCORDANCE WITH IRS GUIDELINES.

NOTE:

The IRS requires that payments to individuals which do not qualify as part of an "Accountable Plan" be included in the person's income, either on a W-2 or a form 1099.

II. DISBURSEMENTS – PAYMENT REQUESTS

Expenses that cannot be paid by the UT Foundation:

- ✘ Personal expenses (i.e. meals, room, travel for a spouse or family, or when not for a Bona Fide business purpose);
- ✘ Payments for flowers or gifts related to employee's weddings or anniversaries, as this is considered personal (See Section IV. Disbursements/Personal Gifts);
- ✘ Purchase and/or maintenance of equipment located at a home or other off-site location without the express approval of the Dean or Vice President;
- ✘ Political contributions including the purchase of tickets to attend a fund raiser;
- ✘ Questionable items (i.e., those not in compliance with policies established by the UT Foundation, or those that may give the perception of misuse of charitable funds);
- ✘ First-class airline tickets or Business-class airline tickets for domestic travel (unless they have been pre-approved) (See III. Disbursements/Itemization of the Expenses) and
- ✘ Seat upgrades for air travel for which there is a cost;
- ✘ Loans to University employees or students other than short term advances due to University payroll processing delays;
- ✘ Payment of fines, parking tickets, penalties or finance charges;
- ✘ Reimbursement for parking at the employee's main place of work;
- ✘ Donations to other charitable organizations, unless it is no more than \$75 and given as an expression of condolence or sympathy; or is a sponsorship request approved by the University President, the UT Foundation President or the Vice President of Institutional Advancement;
- ✘ "Lavish or Extravagant" costs for meals or other entertainment expenses. The UT Foundation has set limits on expenditures for meals. Requests for reimbursement should not exceed \$25 per person for lunch or breakfast and \$75 per person for dinner. Requests that exceed this limit may not be processed (See Section II. Disbursement/Entertainment and Meals);
- ✘ Certain payments to University (State) employees (See Section IV. Disbursements/ Faculty and Staff Awards, Bonuses, etc.);
- ✘ Payments to non-resident aliens (See Section IV. Disbursements/ Payment to Non-Resident Aliens);
- ✘ Meals at which only University or UT Foundation employees are in attendance (this does not include Bona Fide staff meetings or retreats or retirement parties for employees with significant years of service. (See Section II. Disbursements/ Entertainment and Meals);
- ✘ Alcohol unless a donor or distinguished guest is in attendance or the event is a qualifying annual holiday party;
- ✘ Travel between University of Toledo campuses (See Section III. Disbursements/Mileage);
- ✘ "Lavish or Extravagant" retirement gift and party expenses (See Section II. Disbursements/ Retirement Party).

PROCEDURE

General

Submit all requests for disbursements and University account reimbursements on a UT Foundation Payment Request Form. This form can be found on the UT Foundation website. The Form **must be completed in its entirety** and should include the following information:

NOTE: The University and UT Foundation are exempt from sales tax. Remember to provide a University tax-exempt form for all expenses to be paid with University or UT Foundation funds.

Purpose

Provide an explanation of the purpose for which the goods or services are to be used (i.e. how materials purchased will be used /reason for a meeting, event and/or use of athletic suites, including a list of attendees and their affiliation to the University, etc.).

(See section on Accountable Plan for information related to travel and other types of reimbursements.)

Documentation

Attach **ORIGINAL DETAILED** supporting documentation (i.e. invoices or receipts for all expenses). **Balance due statements are not acceptable.** The UT Foundation does not normally provide cash advances. The UT Foundation will reimburse a person, University account or pay vendors directly. If the request is to reimburse a University account then the UT Foundation will **also** need (in addition to a copy of the original detailed receipts) a print out of the account reflecting that the expense was absorbed by the University (i.e. Banner Report, Lawson Report or P-card Statement). When reimbursing a University account for salaries and fringe benefits, the UT Foundation will require a printout of the HR Labor Detail Expenditure Report with the fringe percentage written on the report.

NOTE: For reimbursement to a University account, all expense types need to be submitted on Individual Payment Request Forms (i.e. salaries, events, supplies, etc.).

Missing Receipts

In the event that a receipt can't be found, a Missing Receipt Affidavit (found on the UT Foundation website) will need to be completed and attached to the Payment Request. These requests will be considered on a case by case basis by the President or an Executive Officer at the UT Foundation.

There may be some cases in which the UT Foundation will reimburse a person for Bona Fide business expenses when receipts have been lost, but the reimbursement will generally be included as taxable compensation.

Signatures

The Payment Request Form must be signed by two (2) authorized signers who are listed as administrators for the fund.

NOTE: If you are not listed as an administrator and should be, or if you are listed and need to be removed, an Administrator Change Form (found on the UT Foundation website) should be completed and submitted before or with your Payment Request Form.

If the check is to be made payable to the requestor or the approver, that person's supervisor must sign the form.

In order to ensure that travel and entertainment expenses are approved in an impartial manner, employees may not approve the reimbursement of their own travel and entertainment expenses. In addition, an employee shall not approve the travel and entertainment expenses of an individual to whom he or she reports either directly or indirectly. An employee also may not approve the reimbursement request of a near relative. Such payment requests require the supervisor's signature whether the request is payable to the individual or a vendor.

IT IS IMPORTANT TO UNDERSTAND THAT THE SIGNATURE SERVES AS ADDITIONAL DOCUMENTATION OF THE PROPRIETY OF THE REQUESTED EXPENDITURE.

NOTE: Changes made to any of the information on the Payment Request 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.

If the Payment Request Form is incomplete or is missing supporting documentation, the missing information will be identified and all paperwork will be returned to the sender.

Complete Payment Request Forms with proper supporting documentation received at the UT Foundation office will be processed within 5-7 business days under normal circumstances.

NOTE: Payment Requests of \$25,000 or more require a UT Foundation officer's approval. This may cause a delay in processing.

Signed checks are sent directly to the vendor or may be picked up by /mailed to the requesting department in accordance with the instructions received with the Payment Request Form.

Emergency Checks/Hand Checks

The UT Foundation Accounting Manager or an Executive Officer has authority to approve or deny requests for emergency checks.

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. Expenses of this kind are reimbursable when they are incurred for business purposes.

"Meal" expenses are reimbursable for legitimate business purposes. Request for reimbursement should not exceed \$25 per person for breakfast or lunch and \$75 per person for dinner.

NOTE: The UT Foundation will refuse payment for any meal considered "Lavish" or "Extravagant" (more than the \$25 per person for breakfast or lunch and \$75 per person for dinner). If additional explanation or documentation is provided, the expense may be

allowed. It is important to remember that public perception is as important as the reality of a situation.

Reimbursement of non-travel meals at which only University or UT Foundation employees are in attendance is considered personal in nature and will not be reimbursed unless the meal is incurred during a Bona Fide meeting (See Section IV. Disbursements/Staff Meals).

NOTE: The UT Foundation will refuse payment for any meal or other entertainment expense for which the business purpose has not been sufficiently documented.

An appropriate and acceptable tip amount is between 15% and 20%. Any amount over and above 20% will not be reimbursed.

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

- ◆ 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** and must directly relate to the responsibilities of the person incurring the expense (a short description such as, “Discussed XYZ research project, conducted departmental staff meeting”, etc. is acceptable)
- ◆ Name and affiliation of all person(s) in attendance – larger events with general invitations may not require lists of attendees

NOTE: Meals and alcohol purchased with UT Foundation or University funds are tax exempt. Please be sure to present The UT Foundation or University exemption certificate on these occasions. Once submitted the vendor should keep these on file for future use.

Expenses for Spouses (non-travel)

Generally, meals for a spouse will not be reimbursed unless there is a legitimate business purpose for his/her presence (i.e. entertaining a donor or distinguished guest whose spouse accompanies him/her or when the presence of the employee’s spouse is considered helpful to a legitimate University effort). Attendance at events by the University President’s and the University Vice President of Institutional Advancement’s spouses are always considered to be a business expense.

Annual Holiday Party

The UT Foundation recognizes the importance of holiday parties to provide opportunities to improve morale, improve working relationships between and within departments, build goodwill and reward employees for their hard work. In recognition of the “business purposes” of these holiday parties, the Foundation will allow UT Foundation funds to be used for an annual holiday party as long as the expenditures are in compliance with the Fund or donor restrictions.

The UT Foundation's parameters on holiday parties are as follows:

- ◆ Funds can only be used for **one** "annual" holiday party
- ◆ Alcohol will be permitted, but should be kept to a reasonable level
- ◆ Need to be in compliance with UTF Disbursement Policy
 - Bona Fide business purpose – Acceptable documentation of business purpose on disbursement order forms can be "Annual Holiday Party"
 - Event should not be "Lavish" or "Extravagant" – The UT Foundation has defined a measure of prudence with regards to holiday parties utilizing the current UT Foundation Disbursement Policy's maximum allowable reimbursement per person for dinner entertainment of \$75
 - List of attendees and specify department, faculty/staff, donor, distinguished guest, etc.
 - Be properly substantiated – Provide all original **detail** receipts, invoices, or other supporting documentation as appropriate (See Section II. Disbursements/Documentation).

Non-Fund Raising Golf Outings

Golf outings can be used for legitimate business purposes, but detailed documentation is required to provide clear evidence of the business purpose of the event and to support the business reason for each participant in attendance.

The following documentation is required for all golf outings:

- ◆ Detailed business purpose
- ◆ List of all golf participants and description of relationship to the University (Examples: employee, donor, potential donor, vendor)
- ◆ Purpose of attendance for each golf participant that explains the participant's relevance to the business purpose
- ◆ Detailed outcome/benefits derived of golf outing

Failure to meet all listed criteria may result in refusal of Payment Request or determination of personal benefits resulting in taxable income and issuance of Form 1099.

Golf outing expenses that will be covered:

- ◆ Green fees
- ◆ Cart or caddie fees

Golf outing expenses that will not be covered:

- ◆ Pro Shop merchandise including golf balls, tees, towels, shirts, etc.
- ◆ Any other clubs services such as golf shoe repair, golf club cleaning, etc.

NOTE: Any meals provided should follow the meal guidelines documented in this policy (See Section II. Disbursements /Meals and Entertainment).

Retirement Party

Retirement parties may be given for those faculty and staff members who have given significant years of service or made a significant impact. They should follow meal guidelines (See Section II. Disbursements Meals and Entertainment) and not be Lavish or Extravagant. Gifts of de-minimis value may be given and reimbursed with proper documentation.

The following is required documentation for all retirement party reimbursement requests:

- ◆ Detailed invoices and or receipts for expenses incurred
- ◆ List of attendees

Non de-minimis gifts will be considered on a case by case basis but should be reserved for significant years of service or for someone who had a significant impact on the University.

FOUNDATION ISSUED CREDIT CARD USE

The UT Foundation provides credit cards for certain UT Foundation and University positions as determined by Management. It is important to provide any and all documentation pertaining to expenses incurred using these UT Foundation issued credit cards. The credit card should not be used for personal expenses.

When submitting your monthly UT Foundation issued credit card expense report, please be sure to use the UT Foundation template for detailing these transactions. **This form can be found on the UT Foundation website (www.utfoundation.org) and is the only approved form for submitting UT Foundation issued credit card expenses.**

The expense report should be used to document all UT Foundation issued credit card transactions including:

- ◆ Bona Fide Business Purpose
- ◆ List of attendees, if applicable, for each expense
- ◆ Clear explanation of any changes that may affect the current or future credit card statement
- ◆ Original detailed receipts for each transaction (See Section II. Disbursements/Documentation).

The expense report should be easy to follow and have prior approval when submitted. If the expense report is incomplete or **does not** comply with the requirements under Section II the Payment Request Form will be returned.

III. 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 and entertainment 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.

It is expected that the most economical method of transportation will be used. Reimbursement may be adjusted if a more economical option was available (i.e. mileage may be limited to the cost of airline travel or the cost to rent a car and associated gas costs).

Procedure

An itinerary with a brief description of the business activity for each day must be provided along with the Payment Request Form. If the Payment Request Form relates to attending a conference, a copy of the brochure should be attached.

The UT Foundation does not normally provide cash advances. However, if a Travel Advance was issued and the actual expenses exceed the amount of the advance, the amount advanced will be deducted 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 UT Foundation for the balance due along with a completed Non-Gift Deposit Form and all of the required documentation with the completed Payment Request Form.

Documentation of Expenses

- ◆ **Hotel** – the receipt must be a folio that itemizes the charges. If the charges on the hotel folio are for other than room and tax, those items must be identified for and explained separately.
- ◆ **Meals** – Include itemized receipts for all meals. Amounts exceeding the \$25/\$75 allowance may be questioned (See Section II. Disbursements /Meals and Entertainment).

NOTE: The \$25/\$75 limit may be adjusted based on the location in which the costs are incurred. The UT Foundation will consider per diem rates to establish the maximum limits for reimbursement. It is important to remember that the UT Foundation does not pay per diems and that all expenditures require itemized receipts. The rates can be found at:

- Domestic Travel: use the U.S. State Department domestic per diem rate
<http://aoprals.state.gov>
- Foreign Travel: use the U.S. State Department foreign per diem rate
<http://aoprals.state.gov>

Meal reimbursements that include others must include the name and affiliation of the other person(s), and the business reason for their inclusion in the expense.

- ◆ **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. Directions including mileage to your destination should be printed from a site similar to MapQuest and included with your Payment Request Form. All destinations should start with the University address.

NOTE: The UT Foundation does NOT reimburse for gasoline purchases unless it is a UT Foundation owned vehicle or a rented car.

The UT Foundation will NOT reimburse any expenses associated with a university owned or leased vehicle.

The UT Foundation does NOT normally reimburse travel expenses on or between University campuses.

- ◆ **Airline travel** -- Submit travel agent invoice or airline confirmation which include itinerary and fare documentation. Be sure to submit receipts for any checked luggage fees.

NOTE: First class airline travel for employees is generally considered non-reimbursable. Special consideration will be made for international travel or other domestic travel that requires an extended duration (over 4 hours). Other considerations will be made for individuals with special health needs. Exceptions require pre-approval by a supervisor.

Last minute seat upgrades for which there is a cost will not be reimbursed.

- ◆ **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 (Including foreign transaction fees).

- ◆ **Expenses of spouse** – payment for a spouse who accompanies the employee when traveling is not allowed *unless* the spouse is along for a Bona Fide business purpose. To qualify as a valid business purpose, the spouse's business involvement must meet the tests in the IRS Code and regulations with respect to spousal travel (*See IRS Publication 463*). The IRS rules are such that most spousal travel is not considered to be a Bona Fide business expense.

When the University President and the Vice President of Institutional Advancement are accompanied by their spouses, the associated expenses are considered to be for a Bona Fide business purpose.

NOTE: Reimbursement for spousal attendance at retreats or conferences is normally NOT allowed.

Travel in the United States

- ◆ **Trip Primarily for Business:** If your trip was primarily for business, the UT 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 UT Foundation can reimburse for specific expenses that were directly related to the business activity.

Travel Outside the United States

- ◆ **Travel Entirely for Business or Considered Entirely for Business:** The UT Foundation can reimburse all of the travel cost of getting to and from the business location if the trip is entirely for business or considered entirely for business. Travel is considered entirely for business if some of the activity is personal but you meet at least one of the following four exceptions:
 - 1) You have no substantial control over arranging the trip (employees have no substantial control if the travel arrangement is subject to the approval of a supervisor)
 - 2) You were outside the United States no more than one week
 - 3) Less than 25% of the time was personal activities
 - 4) You can prove that vacation was not a major consideration for the trip
- ◆ **Travel Primarily for Business:** If you cannot meet one of the above four exceptions, then the cost of getting to and from the business location must be allocated between business and personal activity and only the business portion can be reimbursed.
- ◆ **Trip Primarily for Personal Reasons:** If your trip was primarily for personal reasons, none of the travel cost can be reimbursed. However, the UT Foundation can reimburse specific expenses that were directly related to the business activity.

For more information and examples, see *IRS publication 463* available at <http://www.irs.ustreas.gov/formspubs/index.html>

IV. DISBURSEMENTS-UNIVERSITY AND UT FOUNDATION EMPLOYEES, INDEPENDENT CONTRACTORS AND NON-RESIDENT ALIENS

GUIDELINES REGARDING PAYMENTS TO AND ON BEHALF OF UNIVERSITY AND UT FOUNDATION EMPLOYEES

Independent Contractor or Employee:

An independent contractor can be difficult to determine. The UT Foundation has outlined the necessary questions and concerns for your benefit on a form which can be found on our website (www.utfoundation.org), *Affidavit of Independent Contractor*. If the person **does** meet the requirements of an Independent Contractor then you are able to submit their invoice for payment and the UT Foundation will pay the individual directly. However, if the person **does not** meet the requirements of an Independent Contractor then they would be considered an employee and must be paid through their respective institution's payroll systems. The UT Foundation may be asked to reimburse the expense from the appropriate UT Foundation fund.

Please see *"Independent Contractor (Self-Employed) or Employee?"* at www.irs.gov

Faculty and Staff Awards, Bonuses, etc.:

Payments made to University and UT Foundation employees such as bonuses, awards or for services in excess of their usual duties must be included on the employee's Form W-2. All such payments must therefore be made through their respective institution's payroll system. The UT Foundation may then reimburse the University the expense from the appropriate UT Foundation fund.

Payment to Non-Resident Alien:

Payments made to foreign individuals of non-resident alien status require various filings with the IRS such as Visa verification which fall outside the responsibility of the UT Foundation. Therefore, all such payments must be made through University accounts. Subsequently a request can be made for the UT Foundation to reimburse the University from an appropriate UT Foundation fund.

Employee Gifts/Achievement Awards:

UT Foundation policy allows for reimbursement of tangible non-cash employee gifts of a de-minimis amount (valued at \$50 or less per employee). Gifts to employees are generally discouraged.

NOTE: This policy is based on current IRS regulations, which state that an employee does not need to report the value of a tangible gift up to \$50 as income. Flowers, plaques, T-shirts, etc. that are given to employees as an appreciation gift or award fall under this rule.

Flowers/ Memorial Contributions:

The limit on flowers and memorial contributions is \$75, excluding delivery and any taxes or other charges.

Flowers may be sent for the birth or adoption of an employee's child or when intended as an expression of sympathy or concern related to the hospitalization of, or a memorial for an employee, his/her spouse, lineal descendants, adopted children, stepchildren, ancestors, siblings, and members of the immediate household, as long as the cost does not exceed the above noted limit. In-laws are not included.

Memorial contributions to charitable entities or other appropriate expressions of sympathy, in lieu of flowers are acceptable, subject to the same restrictions.

Gift Certificates/Gift Cards:

Gift certificates/gift cards are considered cash equivalents by the IRS and therefore would be considered as taxable income to the employee. The UT Foundation will not generally pay for cash equivalents. However, gift cards given to students and study/experiment participants are acceptable as long as amounts are de-minimis (valued at \$50 or less per person).

Personal Gifts:

UT Foundation funds should not be used to purchase personal gifts, such as those for Secretary's Day, Boss's Day, a new baby, wedding, etc. These items provide a personal benefit to the recipient. As such, the expenditures are not made for a business purpose, as defined by IRS regulations.

Staff Meetings, Luncheons, Etc.:

UT Foundation funds may be used to pay expenses for Bona Fide staff meetings, luncheons, etc. assuming they fall within certain guidelines. Typically, staff meetings are routine, have a consistent group of attendees, are "working" meetings with a set agenda, and take place in a setting conducive to doing business. The amount per person should follow requirements for Meals and Entertainment and not be Lavish or Extravagant (See Section II. Disbursements /Meals and Entertainment). Box lunches and fast foods will generally not be considered Lavish or Extravagant.

Fringe Benefits Payments:

As a general rule, Fringe Benefits may be taxable unless specifically excluded by tax law.

The UT Foundation may reimburse a University account or pay an individual directly for Fringe Benefits which may or may not be taxable such as moving or other business expenses. (See Section IV. Disbursements /Moving Expenses).

Fringe Benefits paid by the UT Foundation that are not exempt from tax laws must be included in the employee's W-2 or form 1099.

Moving Expenses:

The UT Foundation may reimburse a UT Foundation employee for moving expenses according to IRS guidelines.

The UT Foundation may reimburse the University for moving expenses that have been paid on behalf of a University employee. Any moving expenses that are not permitted by University policy will not be reimbursed.

Business Related Expenses:

Business related expenses paid for valid business purposes are exempt from tax laws (i.e. business trips, business meals, yearly membership dues, etc.)

Club Dues/Memberships:

The IRS has ruled that payments for certain types of club dues paid on behalf of an individual are usually not business related.

Payment requests for dues paid to no more than one airline travel club for members of the senior leadership team (Vice Presidents and above) will be allowed if approved by the University President.

Memberships to social clubs will be paid only if approved by the University President.

When approved, the amount paid in either case may be taxable income to the person whose dues are being paid.

NOTE: The UT Foundation does not pay for lifetime membership dues, as a business connection ceases upon termination of employment.

Substantiating Travel & Entertainment Expenses Commonly Overlooked Documentation Requirements

Background:

The IRS has specific guidelines as to what substantiates sufficient and adequate documentation for travel and entertainment expenses. Because the IRS may view a disbursement as providing a personal benefit if there is any doubt concerning the business purpose, the purpose should be documented so that a third party would have no question as to its benefit to the institution.

Purpose:

This checklist was prepared to highlight those UT Foundation documentation requirements that are commonly overlooked and is designed to help prevent avoidable delays in processing your requests for reimbursement. This document is, by no means all inclusive.

General:

Before planning your travel, become familiar with UT Foundation policies and procedures.

When in doubt about an anticipated expense, contact the UT Foundation at 419-530-7730. IRS requirements governing travel and entertainment expenses can at times seem particularly cumbersome.

Exercise prudence and good judgment when incurring travel and entertainment expenses on behalf of the UT Foundation.

Complete Payment Request Forms with proper supporting documentation that is received by the UT Foundation office will be processed within 5-7 business days under normal circumstances.

Substantiate the Business Purpose of Travel & Entertainment Expenses:

For business travel and entertainment expenses (meals, transportation, lodging, parking, etc.) **all of the following information** is required when seeking reimbursement.

1. Name(s) of persons visited;
2. Affiliation/role of persons visited;
3. Dates that each meeting took place;
4. Addresses where each meeting took place; and
5. Explanation of the business purpose of each meeting/visit must be specifically documented.

For professional conferences and events, the accompanying brochure you submit may clearly depict the business purpose and may be sufficient. (i.e. it is not sufficient to state "met with XYZ.")

Conference and Event Information:

Save and submit conference registrations, agendas, and programs outlining basic activities and expenses that are covered by the sponsor and/or included in the registration fee.

Airline Travel:

An airline itinerary, even if it contains payment information, is **not** sufficient documentation.

Paper ticket: If a paper ticket is issued, the last page of the ticket stub which has the word "receipt" written on it provides adequate documentation. *(Make sure you request the return of your boarding pass once checked in.)*

E-Ticket: If an E-ticket is issued, please print out the receipt. With most online booking agencies, you should be able to locate this quite easily. It should have the word "receipt" on it, the trip details, and the form of payment.

Checked luggage fees: You must provide original receipts for all checked luggage fees.

Whenever possible, plan ahead and take advantage of advance fares, seat sales, etc.

The maximum level of reimbursement for airfare generally should not exceed the equivalent of economy airfare by the most direct route.

Seat upgrades will not be reimbursed unless there is a legitimate reason for the upgrade.

Lodging:

Obtain an itemized hotel folio in support of lodging expense. Charges on the hotel folio other than room and tax must be identified and explained separately.

Rental Cars:

When signing a contract for a rental vehicle, decline insurance coverage offered by the rental car agency. All persons traveling on UT Foundation/University business are automatically covered under existing UT Foundation/University insurance policies. If an accident occurs, provide your own insurance information and then immediately contact the UT Foundation/University business office. If after hours, leave a message, you will be contacted within 24 hours.

Save your original rental agreement and itemized receipt.

Restaurant Receipts:

Save original, detailed restaurant receipts listing all items ordered. Original detailed receipts must accompany credit card charge slips when seeking reimbursement.

There is no reimbursement for meals when they are provided as part of a conference registration or free of charge. If you feel that an exception needs to be made, please provide a written justification with your reimbursement claim.

The UT Foundation may refuse payment for any meal considered "Lavish" or "Extravagant" which is currently defined as exceeding \$25 for breakfast or lunch per person and \$75 (not including tax and tip) for dinner per person. If seeking reimbursement for amounts exceeding these limits, please provide written justification as exceptions may be made on a case-by-case basis.

For meal reimbursements that include others, the name and affiliation of the other person(s) and a written statement of the purpose for their inclusion must accompany the original, detailed restaurant receipt.

Note: The UT Foundation does not pay per diems.