Disbursement Guidelines

GENERAL GUIDELINES FOR FUND DISBURSEMENTS

The University of Montana Foundation is a charitable corporation that receives and administers private contributions that support The University of Montana. The Foundation's mission is to ensure The University of Montana's excellence, access and affordability through a public/private funding partnership. Allowable disbursements from Foundation funds must be consistent with donor intent, and support faculty, staff, students, or programs of The University of Montana.

The appropriateness of an expense should be considered before incurring it, and before requesting reimbursement from a Foundation account. Requests are required to include supporting documentation for the expenditure. Supporting documentation includes original receipts, original invoices, contract services agreements, or Banner reports if requesting reimbursement to a University index code. If correct supporting documentation is not included with the request for reimbursement, the request will be returned to the department.

It is the intent of this policy to provide general guidelines with regard to the expenditures from Foundation funds. It is not meant to list every possible allowable or non-allowable expenditure as it is presumed that University personnel will, at all times, respect their fiduciary and ethical responsibility to the donors who have contributed these funds in support of the University's mission. Common sense and good business ethics dictate that such things as payment of traffic or parking fines, purchase of cultural or athletic tickets for oneself or other University personnel or students are not allowed. When questions arise as to the appropriateness of an expenditure, it must be cleared through the Foundation President or the Chief Financial Officer before the expense is made. It will not be honored after the fact.

SPECIFIC EXPENDITURE CATEGORIES

Advances
Advances are allowed for travel and the purchase of supplies where an account cannot be utilized. No advances will be made to index codes, except at the end of the fiscal year for June's payroll expense; such advances must be cleared within the first week of July.

Only one outstanding advance per person is allowed and it must be cleared within 30 days. If the advance is related to travel, the advance must be cleared within 30 days of the completed travel. The Foundation reserves the right to deny future advances if outstanding
advances are not cleared within 30 days.

To clear an advance complete an Advance Clearing Form [http://www.supportum.org/aboutus/Campus%20Administrative%20Forms/default.php](http://www.supportum.org/aboutus/Campus%20Administrative%20Forms/default.php), attach supporting documentation for the expenditure and submit to the Foundation’s Accounting office Attn: Lynanne Hawthorne.

**Consultant Fee, Contracted Services or Honorarium**
Direct payment of a consulting fee, contract for services or honorarium is allowed provided the individual receiving payment is *not an employee of the University*. If the individual is a University employee, refer to salaries/wages/awards category below. Payments to eligible individuals represent taxable income to the recipient and as such the social security number and current address of the payee must be provided at the time payment is requested in the form of a W-9. A request for payment to an independent contractor must include a completed and signed Contracted Services Form, available on the UM Business Services web site at [http://www.umt.edu/business-services/employees/forms.php](http://www.umt.edu/business-services/employees/forms.php). A foreign national may not be paid a consultant fee, or honorarium, refer to the foreign national’s category below.

**Contributions or donations to other non-profit organizations**
Contributions to other non-profit organizations are not allowed. A nominal donation may be made in lieu of flowers for funeral services.

**Dues/membership fees**
Dues and fees for individual faculty/staff member’s membership in University related or professional organizations are allowed with approval from the individual’s immediate supervisor.

Dues and membership fees for individual faculty/staff membership in a civic service or private club are also allowed with approval from the individual's immediate supervisor when deemed necessary for business purposes. If it is determined that any portion of the membership is used for personal use, the Foundation will notify University Human Resources and the amount will be reported as income to the employee in compliance with IRS requirements.

**Entertainment expenses**
Reimbursement of expenses incurred for entertaining guests of the University is allowed when approved by senior campus administrators. Reimbursement is limited to expenses incurred for travel, food and lodging of guests and the associated expenses for the University employees accompanying the guests. Requests for reimbursement for entertainment expenses must include itemized receipts and list those individuals (including staff) who were present. Gratuity is limited to 20 percent, rounded up to the nearest dollar.

**Faculty/Staff travel**
Faculty and staff will be reimbursed for travel expenses, including airfare, lodging and meals. The traveler may choose to submit receipts for expenses or claim per-diem (at University rates) for lodging and meals. Original receipts are required for all expenses. If a receipt is lost, the traveler may estimate expense and be reimbursed for up to $25.00. Mileage will be paid at the state rate or actual out of pocket gas expenses will be reimbursed for fuel expended on the trip.

"Unreasonable" travel expenditures as defined by the IRS or as otherwise prescribed by law are not allowed. Payments for spousal or family travel are deemed as compensation by the IRS and are not encouraged but are allowed with authorization from the President of the University. An explanation of why it is appropriate to use donor funds for this type of travel
must accompany the withdrawal request. The President's approval must be obtained prior to payment for the travel is processed. Request for such payments will be reported to the University's Human Resource Services office and the amount will be included as compensation on the employee's W-2 form.

**Flowers**
Flowers may be purchased for the following:
- University organized public relations and fundraising activities
- Departmental graduations or awards ceremonies
- Faculty/Staff receptions, and
- Funeral or illness of employees, students, and "friends" of the University or their families.

**Foreign nationals**
The Foundation will not pay foreign nationals for honoraria, personal services, awards, scholarships or fellowships directly. These payments must be made through the University Human Resources Service office. The Foundation can reimburse an index code for these types of expenditures.

Reimbursements to a foreign national for actual expenses incurred (airfare, meals, lodging) are allowable.

**Gifts and Awards**
Foundation funds may only be used for gifts and awards to employees and students to the extent that the fund purpose allows. All such expenditures must be reasonable and consistent with IRS regulations for business-related gifts, must conform to all applicable State and University policies, and justification and documentation must be present to show that such gifts were in the best interest of the University. Awards to faculty/staff are permitted in accordance with the University's Employee Incentive Award Program [http://www.umt.edu/hrs/Personnel%20Resources/Personnel%20Policies/default.php](http://www.umt.edu/hrs/Personnel%20Resources/Personnel%20Policies/default.php).

Awards will not be made directly to an individual, but the expense will be reimbursed to the appropriate index code.

There are strict IRS guidelines regarding employee gifts and awards and as such all prizes, awards and gifts made to employees or students regardless of size will be forwarded to the University's Human Resource department for proper inclusion in the employee's wages. This includes gift certificates and non-cash gifts. The Foundation will not provide any employee or student with a cash gift. Please include the name of the individual receiving the gift on the check request.

Retirement recognition applied consistently to all, is permissible according to guidelines established by the IRS. The IRS generally allows, in these circumstances, for non-cash items up to $400 in value to be given with no tax consequence to the recipient.

Sympathy, get well and congratulatory flowers may be sent on behalf of a department. Other gifts to employees commemorating a personal event, such as a birthday, wedding, anniversary, or holiday will not be reimbursed.

Gifts over $100 need prior authorization from the President of the University. The prior approval must be demonstrated either on the check request or with other supporting documentation. No gift shall be reimbursed where the purchaser and receiver of the gift is the same person.

Gifts to donors and "friends" of the University may be purchased, but are limited to furthering the mission of the University and must be given in the name of the University. Nominal gifts
to student volunteers are also acceptable, but may be subject to payroll taxes.

**Magazine subscriptions or other publications**
Payment for magazine or other subscriptions or publications is only allowed when directly related to department teaching, research, and/or public service activities. Subscriptions must be mailed to a University department or office or to a UM library.

**Petty Cash**
Disbursements for petty cash funds are not allowed. An exception is made for Grizzly Scholarship Association and the Alumni Association.

**Receptions, events, etc.**
Reimbursement for or payment of expenses incurred for activities such as receptions or events is allowed, provided the function is in conjunction with University related activities and has approval from senior campus administrators.

Reimbursement for payment of expenses incurred for individual life events (birthday, baby shower, graduation, wedding, etc.) are not allowed. Reasonable expenses related to the retirement of faculty/staff will be allowed when approved by a senior campus administrator prior to the event.

**Salary/wage/award, moving expenses, or other payments**
Support for compensation, awards, or moving expenses for a University employee is allowed. Payment will be processed through the University Payroll Office and funds will be transferred from the Foundation to the appropriate University index code. Direct payment to faculty, staff, students, and/or other full- or part-time employees of the University is not allowed.

Payments for country club dues, spousal or other family member travel that are deemed as compensation by the IRS are not encouraged but are allowed with authorization from the President of the University. Request for such payments will initiate notification of the University's Human Resource Services offices and the amount will be included as compensation on the employee's W2 form as appropriate. Any other expenditure that is for personal benefit or use is not allowed. Examples of such expenditures are routine maintenance on courtesy cars, cell phones, internet charges, etc.

**Student scholarships/stipends/grants/awards**
Student scholarships, awards, grants, and stipends must be paid to a student through their student account at UM. No direct payment to a student will be made. For scholarship payments outside of the standard scholarship billing process, scholarship requests will be sent to index code MBZ025 and then moved to the student's account.

Student stipends or awards that are related to or contingent upon a work arrangement, trigger a taxable event. These types of payments have to be processed through the University's payroll system to ensure compliance with IRS regulations. The Foundation will reimburse an index code for these types of expenditures. No payments will be made directly to the student.

**Supplies and capital equipment**
Purchase of supplies and capital equipment used for teaching, research, and/or service activities is allowed. Capital equipment is currently defined by the University as those items costing $5,000 or more and having a useful life of one year or more. Purchases of capital equipment do not have to be made through the University purchasing system.
Title to and inventory control of capital equipment purchased from Foundation funds is automatically transferred to the University at the time of purchase, unless specifically indicated otherwise by the Foundation. Equipment purchased from Foundation funds will be recorded and labeled as a part of the University Fixed Asset System.

Unallowable Expenses
The following expenses will not be reimbursed from Foundation funds:

- Payment of fines and penalties
- Purchase of cultural or athletic tickets for personal use or for a student
- Gifts or awards of cash
- Gifts for faculty or staff for birthdays, baby showers, weddings, etc. where there is no business purpose
- Office parties such as birthday parties, baby showers, etc. where there is no business purpose
- Payment of expenses for personal use such as
  - Routine maintenance on courtesy cars
  - Cell phones
  - Internet charges
  - Kennel charges
  - Babysitting

Other
Uses of Foundation funds not directly related to the above categories, or relating to unusual circumstances, should be cleared through the Foundation President or the Chief Financial Officer before incurring the expense.

EXPENDITURE INSTRUCTIONS

To request payment or reimbursement of an expense a UMF Check Request form must be completed. [http://supportum.org/aboutus/Campus%20Administrative%20Forms/default.php](http://supportum.org/aboutus/Campus%20Administrative%20Forms/default.php). Fill out the Check Request completely (following the guidelines listed above and the instructions found on the third tab of the WR excel file), attach supporting documentation and any other necessary attachments and send to the Foundation's accounting office.

All requests received by noon on Monday will be processed in that week’s check run. Checks will be mailed out no later than Friday of that week. Checks cannot be held for pick up unless prior arrangements have been made with the accounting office and the situation deems it necessary. All incomplete requests, or requests that do not have the correct supporting documentation, will be returned.