



Policy / Procedure	No.	TBD
Accounts Payable Policy	Revision Letter	N/A
	Final Approver	Jamie Stanton

1. Purpose

- A. To ensure disbursements are made according to donor intent, legal requirements, the highest ethical standards, and best practices.

2. Policy

A. General Information

1. Disbursements from Foundation funds must be consistent with donor intent and support the University or the Foundation.
2. All expenses must be documented in a manner that substantiates the reasonableness and necessity of the expense. Additionally, all requests for payment must clearly substantiate how an expense is in accordance with fund purpose or donor intent.
3. Payments must be mailed or sent via EFT directly to the vendor being paid. Payments cannot be held for pickup or routed to campus units. Vendor addresses must be included on vendor check request to facilitate mailing.
4. In instances where a direct Foundation payment is not allowed, but, the expense is allowed, the University must first pay for the expense and then a reimbursement can be requested from the Foundation.
5. Routine personal reimbursement should be avoided, instead, expenses should be paid directly by either the Foundation or the University whichever is more appropriate.
6. All Foundation Operating expenses, including fundraising expenses, must be paid initially via a Foundation fund and should not be paid directly by the University.
7. When goods or supplies are ordered, delivery must be made to the address of either the Foundation or the University.
8. Disbursement Approval
 - a. For payments in support of University Operations, check requests must have two approving signatures. One signature must be an authorized signer as listed on the respective fund agreement.

- b. For payments in support of the Foundation Operations, approval is governed by following.
 - i. Purchase Orders under \$1,000 must be authorized by the manager of the project code referenced.
 - ii. Purchase Orders over \$1,000 must be approved prior to the expense being incurred, and will be authorized by the President/CEO, CFOO or VP, as appropriate.
 - iii. Any expenditure over \$5,000 must be approved prior to the expense being incurred, and will be authorized by the President/CEO (except for monthly building lease and health insurance which are authorized by the CFOO).
- c. Reimbursements to University or Foundation employees must include authorization from an individual who is senior to the employee being reimbursed.

9. Supporting Documentation

- a. Payment requests are required to include supporting documentation for the expenditures.
- b. Supporting documentation may include UM Data Warehouse reports, scholarship award summary sheets, original itemized receipts, original invoices, or contract service agreements.
- c. Supporting documentation for per diem meal reimbursement must include dates of travel and info on which meals (breakfast, lunch, and dinner) are being paid for each day of travel.
- d. For payments made to the University to reimburse an index code a UM Data Warehouse report is required. Acceptable UM Data Warehouse reports include the "Transaction Listing – Actual Amounts" report if reimbursing non-payroll related expenses and the "Payroll for an Employee Summary" report if reimbursing payroll expenses.
- e. If the use of the funds cannot be tied to a given fund purpose from the detail provided on the UM Data Warehouse report, additional backup may be required.
- f. Receipts that are being reimbursed must include/demonstrate that the expense has been paid.

- g. In the event a receipt is lost or misplaced, payments can be processed for expenses up to \$25. A missing receipt declaration form is required in lieu of a receipt.
- h. The following list of supporting documentation which will not be accepted:
 - i. Photocopies of receipts
 - ii. Summary credit card receipts without an accompanying detail receipt
 - iii. Vendor statements
 - iv. Invoices generated by University or Foundation staff for outside vendors
 - v. Bank statements
 - vi. Credit card statements
 - vii. UM Data Warehouse reports aside from those listed above

B. Expense Specific Information

1. **Advances** - Advances are sometimes needed to compensate for delays between when a disbursement from a fund is needed and when an expense has been incurred or fully processed.
 - a. Cash advances for travel expenses or other expenses aside from University payroll are not allowed.
 - b. Cash advances will only be issued for June payroll expenses that are not posted or paid until after the final Foundation check run for the fiscal year.
 - c. An advance must be backed up with documentation that justifies the amount being requested. Documentation could include a past UM Data Warehouse report for the same person's payroll expenses or a manual calculation estimating the payroll expense.
 - d. Final supporting documentation must be submitted within 30 days of issuing the advance.
 - e. Advances will remain open until supporting documentation is received.
 - f. If an advance remains outstanding past 30 days of issuance, action will be taken; including but not limited to denial of all future advances as well as withholding of all other requests for payment for a given campus unit.
2. **Building and Maintenance Projects** - Payments related to building projects or maintenance projects for the University campus must be paid by directly by the

University. The costs that cannot be paid directly by the Foundation include all planning, architecture, and construction costs. Construction costs include the following and similar expenses: general construction, concrete work, electrical, plumbing, painting, and all like kind expenses. Exceptions must be approved by both University Facility Services and the Foundation.

3. **Consulting Fee, Contract for Service or Honorarium** - Direct Foundation payment of a consulting fee, contract for service or honorarium is allowed provided the individual receiving payment is not an employee of the University. A request for payment to an independent contractor must include a completed and signed contract or Contracted Services Form.

In order to avoid misreporting on 1099s, University and Foundation employees should not pay for service type expenses out of pocket before requesting reimbursement.

4. **Contributions** - Contributions to other non-profit organizations are not allowed. A nominal donation may be made in lieu of flowers for funeral services. Nonprofit event sponsorships may be considered as marketing/promotion (and therefore would be an allowed expense) if proof of benefits received for sponsorship is included with the check request. Per IRS guidelines simple name or logo placement is not advertising. Alternately, contributions may be made if it can be demonstrated how the donation works in support of the mission of either the University or the Foundation.
5. **Memberships, Dues and Fees** - Dues and fees for employee memberships in University or Foundation related or professional organizations are allowed with approval from the individual's immediate supervisor.

Dues and membership fees for employee memberships in a civic service or private club are also allowed with approval from the individual's immediate supervisor.

6. **Travel, Meals, and Entertainment** -When paid directly by the Foundation, expanded supporting documentation is required for travel, meals, and entertainment. Supporting documentation for these expenses must include the '5 Ws':
 1. Who - name of all attendees
 2. What - description of the activity e.g. lunch, breakfast, dinner
 3. Where - location, name of establishment/vendor
 4. When - date and time of day
 5. Why - description of the business purpose, e.g. Jon Smith visit, Conference

- a. With regard to the '5 Ws,' there is no need to duplicate any information already shown on the detailed receipt.
 - b. For University activities, travel expenses, including airfare, lodging and meals are allowed. For travel related lodging and meal, reimbursements can be paid by submit receipts or by claiming per-diem (at University rates).
 - c. For University activities, mileage will be paid at the state personal mileage reimbursement rate, not the IRS rate, when using a personal car. Actual out of pocket gas expenses will be paid when using a rental car.
 - d. Payments for University employee 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 payment request.
 - e. Expenses incurred for entertaining guests of the University is allowed.
 - f. For meals, taxi rides, or other tippable services, gratuity is limited to 20 percent, rounded up to the nearest dollar.
 - g. For Foundation employees travel is governed by the Staff Travel and Expense Policy and the Staff Automobile Business Travel Policy.
7. **Foreign Nationals** – Payments to foreign nationals for honoraria, personal services, awards, scholarships or fellowships cannot be paid directly by the Foundation. Reimbursements to a foreign national for actual expenses incurred (airfare, meals, lodging) are allowed and can be paid directly by the Foundation.
8. **Gifts (including flowers), 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 (if for University employee), and justification and documentation must be present to show that such gifts were in the best interest of the University or Foundation.
- a. Awards to UM employees cannot be paid directly to an individual.
 - b. The Foundation will not provide any employee or student with a cash gift.
 - c. Gifts to employees commemorating a personal event, such as a birthday, wedding, birth of a child, anniversary, or holiday are not allowed.

- d. Gifts in support of University operations over \$100 need authorization from the President of the University. The approval must be demonstrated either on the check request or with other supporting documentation.
 - e. No gift shall be reimbursed where the purchaser and receiver of the gift is the same person.
 - f. Gifts to donors and friends of the University may be purchased but must further the mission of the University and must be given in the name of the University.
 - g. The name of the individual receiving the gift must be listed on the payment request.
 - h. Gifts and flowers related to Foundation Operations are governed by the Staff Travel and Expense Policy.
9. **Students** - Direct Foundation payments to students are not allowed aside from small supply or local meal related expenses. Purchases for students such as gifts, gift cards, travel, and conferences are allowed but cannot be paid directly by the Foundation.
- a. Student scholarships, awards, grants, stipends, or pay related to a work arrangement must be paid to a student by the University. After a payment is made by the University, the Foundation can then issue a reimbursement to the University.
 - b. For former students who are no longer enrolled at the University, direct Foundation payments are allowed after a nine-month lapse in enrollment.
10. **Subscriptions and Publications** - Payment for magazines or other subscriptions or publications is only allowed when directly related to University or Foundation activities. Subscriptions must be mailed to the Foundation or the University.
11. **Petty Cash** - Disbursements for petty cash funds are not allowed. An exception is made for agency funds.
12. **Events** - Reimbursement for or payment of expenses incurred for activities such as receptions or events is allowed, provided the function is in conjunction with University or Foundation related activities.
- a. Reasonable expenses related to the retirement of University or Foundation employees will be allowed when approved by a senior campus administrator (for University employees) or an executive management team member (for Foundation employees).

- b. Event expenses related to life events such as birthday parties, wedding showers, baby showers, etc. are not allowed.

13. **Compensation, Awards, or Moving Expenses** - Support for compensation, awards, or moving expenses for a University employee is allowed but direct payments are not allowed.

14. **Supplies and Capital Equipment** - Purchase of supplies and capital equipment used for University or Foundation activities is allowed.

15. **Unpermitted Expenses** - The following expenses will not be reimbursed from Foundation funds:

- a. Payment of fines and penalties
- b. Payments to reimburse the internal University overhead assessment
- c. Purchase of cultural or athletic tickets for personal use or for a student
- d. Payments related to youth sports camps put on by University athletics employees
- e. Payment of expenses for personal use such as:
- f. Routine maintenance on courtesy cars
- g. Internet charges
- h. Kennel charges
- i. Babysitting

16. 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 Finance and Operations Officer before incurring the expense.

3. **Definitions**

A. **University** - The University of Montana (“University”)

B. **Foundation** - The University of Montana Foundation (“Foundation”)

C. **Vendor** - Any individual, business, or organization receiving a payment from the Foundation

D. **Payment request OR request for payment** - A check request, purchase order, or other approved method of requesting payment from the Foundation

E. **Direct Foundation payment OR paid directly** - The Foundation issues a payment directly to a vendor

- F. **Advance** - A payment made prior to an expense being incurred or otherwise fully processed
- G. **Manager of project code**- The individual responsible for a specific project code used for the internal benefit of the UM Foundation
- H. **EFT – Electronic Fund Transfer** – A payment is deposited directly into a vendor’s bank account.

4. **Related Policies and Procedures**

- A. Staff Travel and Expense Policy, Staff Automobile Business Travel Policy.

5. **Document Approvals**

Role	Position	Name of Approver	Approval Signature	Date Approved
Author	Controller	Lydia Ludwig		7/20/2018
Owner	Controller	Lydia Ludwig		7/20/2018
Final Approver	CFOO	Jamie Stanton		7/20/2018

6. **Revision History**

Effective Date	Rev Letter	Document Author	Description of Change
Date of Revision	N/A	N/A	N/A