



## Policy and Process for University of Montana Related Support

### 1. Purpose

- A. To ensure disbursements from the University of Montana Foundation (UM Foundation) funds held for the University of Montana's (University) benefit are made according to donor intent, legal requirements, the highest ethical standards, and best practices.

### 2. Policy

#### A. General Information

- i. Disbursements from UM Foundation funds must be consistent with donor intent and all payment requests must substantiate how an expense adheres to the fund's purpose and the donor's intent.
- ii. Disbursements must have a clear and appropriate business purpose consistent with the mission and values of the UM Foundation or University.
- iii. Disbursements must enhance the programs, image, or community status of the UM Foundation or University.
- iv. The approver for a payment request must be confident that the expenditure would not be perceived in a negative light by donors or the public.
- v. Generally, all University expenses are to be paid from University gift index codes, and then subsequently, the UM Foundation will reimburse the gift index code.
- vi. University policies must be followed for expenses submitted to the UM Foundation for reimbursement.
- vii. All UM Foundation operating expenses, including UM Foundation fundraising expenses, must be paid directly by the UM Foundation and should not be paid by the University. Development officer expenses should not be paid for by the University.
- viii. The following exceptions do not need to be paid by the University and can be paid directly to a vendor by the UM Foundation:
  - a. **Athletic Facility Construction Payments** - If approved by the Board of Regents, the University, and the UM Foundation, the UM Foundation can pay expenses related to athletic capital projects directly as Montana law allows.
  - b. **Donor Stewardship and Cultivation Expenses** - After the update of University policy 905-Payment or Expense Reimbursement, donor stewardship and cultivation expenses may be paid directly (as defined in the Definitions section below) by the UM Foundation for certain employees. Although allowable after the policy update, as a best practice, personal reimbursements should be avoided; instead, expenses should be paid by either the UM Foundation or the University, whichever is more appropriate. See Appendix A for the list of employees, identified by University leadership, who may be paid directly by the UM Foundation for donor stewardship and cultivation expenses.

#### B. Payment Request Process

- i. Payment requests received by noon on Friday will be included in the following week's payment run.

- ii. All payment requests must be submitted through the UM Foundation's accounts payable system, Yooz. Separate training materials are available for the Yooz system.
- iii. Include only one fund, one activity code, and one index code per payment request.
- iv. On the payment request, there is a section labeled: "How do these expenses align with the fund's purpose?" This is one of the most critical sections of the payment request form, as it allows the UM Foundation to understand how a payment request aligns with donor intent.
- v. Do not use this space to state the fund purpose or otherwise paraphrase the fund purpose. Instead, describe how the payment request aligns with the fund's purpose. For example, if a fund was established to cover the salary and benefits of the math department chair, in the space provided, the input in this section could be: Reimbursement is for the salary and benefits of Dr. Jane Smith, chair of the math department.
- vi. Descriptions to be entered into the accounting system should be limited to the following (as examples):
  - a. Payroll: BW10-12 LARSON, LUDWIG, TACK
  - b. Operating Expenses: SEPTEMBER 2021 OPERATING EXPENSES. For operating expenses, all meaningful descriptions will be accepted.
  - c. Scholarships: FALL 2021 SCHOLARSHIP (student names should not be included in the description)
- vii. The GL code to be used for reimbursement to the University is 513. This code is automatically applied to all reimbursement transactions submitted in Yooz.
- viii. A function code should be included on the payment request. Below are the available function codes:
  - a. 601: Academic and Institutional Support
  - b. 621: Capital Project
  - c. 651: Scholarship
- ix. Payments to the University will be paid to Business Services via ACH. We have the University's ACH information in our records and do not need it to be provided on payment requests.
- x. Payment to other vendors will be mailed via USPS or sent via ACH directly to the vendor. Payments cannot be held for pickup or routed through campus mail to campus units. Addresses or ACH information must be included with the payment request to facilitate mailing/payment.
- xi. All payment requests must be submitted by the year-end deadline. Any requests received after the deadline will require additional approval.
- xii. As a best practice, submit one payment request for each fund on a monthly basis. This will help to avoid duplicate payments and negative index code balances.
- xiii. It is best practice to set up a University activity code that corresponds to the respective UM Foundation fund number. Activity codes need to be set up in advance with Business Services. Using an activity code related to the UM Foundation fund allows for enhanced filtering in UM Data Warehouse. The activity code should be used for all expense items to be reimbursed by the respective UM Foundation fund. The UM Foundation can also use the same activity code with the reimbursement that is sent to the University.

**C. Approval**

- i. Requests must be approved through Yooz by an authorized approver listed in the fund's respective agreement.

- ii. Reimbursements to approved University employees must include approval from the employee's direct supervisor.
- D. Supporting Documentation**
- i. All expenses must be documented to substantiate the reasonableness and necessity of the expense.
  - ii. Payment requests are required to include supporting documentation for the expenditures.
  - iii. For payments made to the University to reimburse a gift index code, one of the following UM Data Warehouse reports is required.
    - a. For non-payroll expenses: Transaction Listing – Actual Amounts
    - b. For payroll expenses: Payroll for an Employee Summary
    - c. For scholarship payments: Transaction Listing – Actual Amounts and a Scholarship Award Summary Sheet (if one is needed to demonstrate eligibility for a given scholarship)
  - iv. UM Data Warehouse reports should be printed as a PDF and the expenses being reimbursed should be highlighted (unless all transactions shown will be reimbursed, then nothing needs to be highlighted).
  - v. Additional backup may be required if the expense cannot be tied to a given fund purpose from the detail provided on the UM Data Warehouse report. Additional backup may include itemized receipts, invoices, or contract service agreements.
  - vi. For payments made directly to a vendor by the UM Foundation, supporting documentation should include itemized receipts or invoices. The supporting documentation must show the following:
    - a. Who: name of all attendees
    - b. What: description of the activity, e.g., lunch, breakfast, dinner
    - c. Where: location, name of establishment/vendor
    - d. When: date and time of day
    - e. Why: description of the business purpose, e.g., Jon Smith visit, Conference
  - vii. Receipts being reimbursed must demonstrate that the expense has been paid. For example, when a purchase is made at Albertsons, the proof of payment will show at the bottom of the receipt. Conversely, at most restaurants, you will need to obtain a copy of the credit card receipt to demonstrate proof of payment (this will be in addition to the itemized receipt.)
  - viii. In the event a receipt is lost or misplaced, a missing receipt declaration form is required in lieu of a receipt.
  - ix. The following list of supporting documentation will not be accepted:
    - a. Summary credit card receipts without an accompanying detailed receipt
    - b. Vendor statements
    - c. Invoices generated by staff on behalf of outside vendors
    - d. Bank statements
    - e. Credit card statements
    - f. UM Data Warehouse reports aside from those listed above
- E. Expense-Specific Information**
- i. **Bond-Funded Projects** - The UM Foundation cannot reimburse bond repayments; however, expenses originally funded by bond proceeds are eligible for reimbursement. Any exception to this policy must be approved by the Chief Finance and Operations Officer.

- ii. **Building and Maintenance Projects** - Funds explicitly established for capital projects may be used for planning, design, construction costs, and furnishings. Meals related to planning, design, or construction are not allowable costs.
  - iii. **Contributions** – Contributions to other non-profit organizations are generally prohibited. Contributions may be made if it can be demonstrated how the donation works in support of the mission of the University and is allowed per University policy. A nominal donation may be made in lieu of flowers for funeral services if permitted by University policy. Contributions must be paid by the University prior to requesting reimbursement from the UM Foundation.
  - iv. **Donor Stewardship and Cultivation Related Gifts (including flowers)** – Also see the policy section above titled "Donor Stewardship and Cultivation Expenses". UM Foundation funds may only be used for gifts and awards to the extent the fund purpose allows. All such expenditures must be reasonable and consistent with IRS regulations for business-related gifts, and justification and documentation must be present to show that such gifts were in the best interest of the University or UM Foundation.
    - a. Gifts should be coordinated with the UM Foundation's Development Division.
    - b. 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.
    - c. The name of the individual receiving the gift must be listed on the payment request.
  - v. **Restricted Accounts** – For all payment requests from "restricted accounts," the payment request must demonstrate the funding available within the restricted account for the respective purpose. Restricted accounts have a fund purpose similar to the following: To hold and disperse funds according to the restricted purposes as assigned. The person(s) who have signing authority over this account are responsible for ensuring each expenditure from the account matches the criteria established for each donation.
  - vi. **Visiting Professors** - For funds designated to support a visiting professor, the term of employment should be limited in scope—typically less than one year—reflecting the temporary nature of the appointment.
  - vii. **Unpermitted Expenses** - The following expenses will not be reimbursed from UM Foundation funds:
    - a. The internal University administrative assessment
    - b. Transfers at the University (mandatory or non-mandatory). The actual expenses being reimbursed with the transfer can be reimbursed, but not the transfer itself.
    - c. Fines and penalties
    - d. Cultural or athletic tickets for personal or student use
    - e. Payments related to youth sports camps put on by University athletics employees
    - f. Payment of expenses for personal use such as:
      - Routine maintenance on courtesy cars
      - Internet charges
      - Kennel charges
      - Babysitting
  - viii. Use of UM Foundation funds relating to unusual circumstances should be cleared through the UM Foundation President or the Chief Finance and Operations Officer before incurring the expense.
- F. Interfund Transfer**
- i. Contact the UM Foundation's gift processing department if a gift was deposited into an incorrect fund. The UM Foundation will review the gift documentation and make corrections as appropriate.

- ii. Cash balances should be expended from the fund aligned with the donor’s gift intent. Transferring cash balances between funds inhibits the UM Foundation's ability to ensure donor intent is honored.
- iii. While interfund transfers should be avoided, they are permitted if donor intent is being honored, and only to reimburse expenses already paid by the UM Foundation (i.e. interfund transfers cannot be made in anticipation of future expenses). Backup documentation must include a UM Foundation accounting system report showing the expenses being offset.
- iv. Exceptions will either be documented within the Operating Agreement between the University and the UM Foundation or approved by the UM Foundation CFOO and one of the following: the University President, the University Vice President for Operations and Finance, or the University Provost, or their designees.
- v. Interfund transfer requests should be approved by an authorized approver for the fund transferring the cash balance.

### 3. Definitions

- A. **ACH** - Automated clearing house - A payment is deposited directly into a bank account.
- B. **Paid directly** - The UM Foundation issues a payment directly to a vendor from a fund held at the UM Foundation for the benefit of the University
- C. **Payment request** - A request from the University for a payment to be made, which is put onto a purchase request form in Yooz
- D. **UM Foundation** - The University of Montana Foundation (“UM Foundation”)
- E. **University** - The University of Montana (“University”)
- F. **Vendor** - Any individual, business, or organization receiving a payment from the UM Foundation
- G. **Yooz** – Accounts payable software utilized by the UM Foundation

### 4. Related Policies and Procedures

### 5. Document Approvals (see footnotes)

### 6. Revision History

Effective Date	Rev Letter	Document Author	Description of Change
02/26/2024	A	Lydia Ludwig	Updated to align with current practices
06/05/2025	B	Lydia Ludwig	Updated to support Yooz implementation.

## Appendix A

After the update of University policy 905-Payment or Expense Reimbursement, donor stewardship and cultivation expenses may be paid/reimbursed directly to the following list of University employees.

President	Director, School of Journalism
Provost	Director, Flathead Lake Biological Station
Operations and Engagement Manager, Office of the President	Director, Wildlife Biology
Dean, College of Business	Director of Athletics
Dean, Davidson Honors College	Head Coach, Softball
Dean, College of the Arts and Media	Head Coach, Women's Tennis
Dean, W.A. Franke College of Forestry and Conservation	Head Coach, Men's Tennis
Dean, Missoula College	Head Coach, Women's Basketball
Dean, College of Health	Head Coach, Men's Basketball
Dean, Alexander Blewett III School of Law	Head Coach, Volleyball
Dean, Phyllis J. Washington College of Education	Head Coach, Golf
Dean, College of Humanities and Sciences	Head Coach, Football
Dean, Mansfield Library	Head Coach, Soccer
Dean, Skaggs School of Pharmacy	Head Coach, Track & Field/Cross Country
Dean, Graduate School	Executive Director, Grizzly Scholarship Association