



UNIVERSITY OF
SOUTH CAROLINA

University Foundations

The University of South Carolina Foundations

Accounts Payable Policy Manual

July 2016

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A. The University of South Carolina Foundations

The University of South Carolina Educational Foundation and the University of South Carolina Development Foundation, or simply “Foundations”, are non-profit corporations that operate within the provisions of Sections 501(c) (3).

The mission of University Foundations is to support the University of South Carolina in all of its educational, research, instructional, scientific, literary, service, charitable, and outreach endeavors. University Foundations aids the University in achieving its mission as the State’s flagship institution of higher education.

Please note that Foundations is a separate entity from the University of South Carolina; our staff and computer systems are completely separate.

University Foundations is committed to lawful and ethical behavior in all of its activities and requires that its directors, employees, and consultants conduct themselves in a manner that complies with all applicable laws and policies.

University Foundations has a fiduciary responsibility to protect its resources and to ensure that expenditures comply with donor-imposed restrictions, do not jeopardize the financial status of Foundations, and are prudent uses of the resources of Foundations. Foundations works directly with the Office of the Provost in determining the policies that apply to the appropriate expenditure of Foundations funds by University employees. Any spending policy or procedure not specifically addressed herein shall follow the spending policy of the University.

University Foundations operates primarily on a reimbursement basis after expenses have been incurred. However, Foundations may pay a vendor directly, and must do so when the payment would be taxable to the payee. University departments may submit a Check Request to Foundations, including such attachments as may be necessary. All requests shall be properly completed and signed before payment is considered. Requests for reimbursement should be made in a timely manner, not to exceed 90 days from the date of the expense. Requests to pay a vendor directly must include a signed IRS W-9 Form, unless one is already on file.

Original statements, invoices, and receipts are required for reimbursement. Handwritten receipts/invoices must contain the vendor’s name, address, and signature. Faxed copies of statements and/or invoices are acceptable with a fax bar containing the business name or fax number as it appears on the invoice. If original invoice is received electronically, please indicate that on the check request.

Processing Time:

Check Requests will be processed in 1-2 weeks.* Please note that requests requiring additional approval (Payroll Office for Contractual Services and Honorariums, Provost's Office for any request over \$1,000.00, USC Legal for Contracts, etc.) may take longer to process. Please see individual sections of the policies for requests that require additional approval.

*Holidays or technical difficulties may alter this schedule.

Additional Approval:

All expenditures made to vendors, other than the University, over \$1,000.00 must be approved by the Provost Office. Any legally binding contract executed on behalf of USC, must be verified by the USC Legal Department. Please see individual sections of the policies for requests that require additional approval. All approvals must be obtained before checks can be printed.

Special Notes:

Check requests that are over \$1,000.00 should be sent to the Foundations Office and will be forwarded to the Provost Office by the Foundations after they have been audited.

Please have all contracts approved by the USC Legal Department prior to submission to the Foundation Office for payment.

Reissuance of Checks:

If your check has been misplaced or destroyed, we will issue another check. Please request a reissuance of the check after 30 days from the original check date. If you need the reissuance to occur sooner, please contact our office. Any related bank fee (stop payment, etc.) may be passed on to the project.

B. General Policies

1. University Students & Prospective Students

Anyone enrolled in or auditing at least one class, including those at the undergraduate, graduate, and doctoral levels, at any of the USC campuses is considered a University student.

1.1 Payments and Reimbursements to Students

Foundations cannot pay students directly for awards, tuition, or fees, nor can it reimburse individuals who made such payments on behalf of a student. These payments must go through University Financial Aid in order to comply with Federal guidelines that the University must follow in tracking the support that a student receives. Foundations can then reimburse the University for these expenses.

1.2 Prospective Students

A prospective student is considered a University student for all intents and purposes within this Manual.

2. Cash Advances

Cash advances may be issued to University faculty and staff only. Advances will not be made to University students.

The individual requesting the advance must provide a valid reason for the advance, explain why routine reimbursement procedures are inadequate, and complete an Advance Request Form (Appendix B). The Advance Request Form should accompany the Check Request Form (Appendix A).

Advance funds are to be used for ordinary and necessary business expenses of the University. The individual requesting the advance is personally responsible for the entire amount of the advance. Advance funds that are not expended in accordance with Foundation policy must be reimbursed to Foundations by the individual.

Each advance must be cleared by submitting original receipts and applicable forms to Foundations. Any unused funds should be returned to Foundations within five (5) business days.

Unused funds that are not returned, or disbursed funds that cannot be properly accounted for by a receipt documenting approved expense(s), will result in an issuance of an IRS Form 1099 to the individual who received the advance.

Additional advances will not be issued until any outstanding advance has been cleared.

The following expenses may not be paid with advance funds:

- 1) Any expense prohibited by Foundation policy
- 2) Refunds
- 3) Expenses that can be paid directly by Foundations
- 4) Per Diem

3. Foreign Currency

When claiming reimbursement for expenses that are in a foreign currency, the Check Request Form (Appendix A) must be completed in U.S. Dollars; if an invoice or bill does not list a U.S. Dollars amount along with the foreign currency amount, and the requestor cannot provide a specific U.S. Dollar receipt or a line-item bank / credit card statement, then documentation of the rate of exchange must be provided along with a calculation of the U.S. Dollars amount. The recommended site for historical currency exchange rates is <http://finance.yahoo.com/currency-converter>. The user should calculate the specific U.S. Dollar amount based on the known foreign currency amount and the historical daily exchange rate; **this calculation should be printed directly from the internet and included with other documentation.**

*The rate of exchange must be calculated based on the **date the expense was charged**, not the date the check request is completed.*

Example: On January 10, Professor Jones submits a request to be reimbursed for a University-related four-night stay in London which began January 1. His hotel bill shows the four nights' worth of charges individually, along with his payment made at check-out on January 5. All of the amounts on the bill are listed in British Pounds. For purposes of reimbursement for this hotel stay, Professor Jones should use only the historical exchange rate from January 5, and he should apply it to the full amount of the hotel bill. He should not calculate the rate for each of the days from January 1 through January 4, and he should not use the rate from January 10. An alternative, provided that he did not pay in cash, would be for the Professor to submit his U.S. Dollar bank or credit card statement clearly showing and identifying the line-item charge.

Foundations cannot directly pay a vendor if the invoicing or payment options do not include a specific U.S. Dollar amount that would be acceptable to the vendor. In scenarios where only foreign currency amounts appear on documentation, Foundations will reimburse individuals based upon:

- 1.) Specific U.S. Dollar receipts, if they are given by the vendor, or
- 2.) Line-item U.S. Dollar bank / credit card statements showing the applicable transactions, or
- 3.) In cases where payments were actually made in foreign currency, properly documented receipts and historical exchange rates per the requirements above.

4. Donations

In general, gifts to charitable organizations (including contributions as memorials) are not reimbursable.

The purchase of tickets to a charity's fundraising dinner/gala is permissible if it is related to the employee's University responsibilities. In this scenario, the representative/employee is permitted to bring a spouse or guest.

5. New Employees

5.1 Interview Expenses

Foundations can reimburse a candidate for University employment for interview-related expenses. The reimbursement can include the cost of accompanying immediate family members (spouse and/or children). Reimbursement cannot exceed actual expenses incurred.

These payments are generally not taxable.

Examples of interview expenses: Airfare, hotel, car rental, mileage, food, per diem, etc.

5.2 Relocation/Moving Expenses

Relocation expenses of new employees are eligible for reimbursement if included in the terms of the initial employment as documented by the employment offer letter.

Reimbursements of relocation expenses are reported to University payroll. These payments may be taxable as income depending on the type of expense that is reimbursed. The two types of moving expenses as defined by the IRS are deductible or nondeductible.

5.2.1 Deductible Moving Expense

The IRS defines deductible moving expenses as the reasonable expenses of moving household goods and personal effects (including in-transit storage expenses not to exceed 30 days) and travel expenses to the new home (including lodging and mileage but not meals).

Reimbursements of deductible moving expenses are not included as taxable income on the employee's W-2 Form.

5.2.2 Nondeductible Moving Expense

Nondeductible expenses include, but are not limited to: meals, security deposits, pre-move house hunting expenses, and temporary living expenses. Reimbursements of nondeductible moving expenses are reported as taxable income on the employee's W-2 Form.

C. Food and Meals

6. Food & Alcohol Expense

All meals and refreshments should be modest in value and should not take precedence over the educational or business event. Business meals with non-University individuals should have a ratio of no more than four University employees to one non-University individual, except when the meal is for the purposes of a search committee to meet with an employment candidate.

Requests for reimbursement of meals/business cultivation expenses must include the time, date, and location of the event, the business purpose of the event, and the name and title (or other designation sufficient to establish the business relationship) of the attendee(s). All meals must include a completed Foundation Meals/Business Cultivation Expense Form (Appendix D).

Note: *The University's standards for meal reimbursement from state funds are found in University Policy BUSF 7.05, and may differ from the Foundations' policies.*

Food purchases for employee recognition (i.e. birthday, promotion, goodwill, etc.) **will not** be reimbursed. *For retirement see section 7.3*

The following charts are guidelines on limits up to which Foundations will reimburse for food and meals in given situations. Each situation is addressed within Sections 5 and 6 of this Manual.

Meals (restaurants, catering, or other sit-down type meals):

	Business, Departmental, and Donor Cultivation Meetings	Meals While on Travel (Total limits, including Per Diem portions, if any)
Breakfast	\$20 per person, <u>before including tax and gratuity</u>	\$20 per person, <u>before including tax and gratuity</u>
Lunch	\$40 per person, <u>before including tax and gratuity</u> , up to \$15 of which may be alcohol	\$40 per person, <u>before including tax and gratuity</u> , up to \$15 of which may be alcohol
Dinner	\$75 per person, <u>before including tax and gratuity</u> , up to \$25 of which may be alcohol	\$75 per person, <u>before including tax and gratuity</u> , up to \$25 of which may be alcohol

Receptions/Refreshments (self-brought refreshments, snacks, or other non-sit-down type meals):

	Meetings/Parties/Receptions (Either Business or Morale)	Retirement/Departure Functions
Attendees are Faculty/Staff/Students	\$40 per person, up to \$15 of which may be alcohol	\$40 per person, up to \$15 of which may be alcohol
Guests are Alumni/Donors	\$50 per person, up to \$15 of which may be alcohol	(N/A)

6.1 Meals at a Restaurant

The maximum reimbursement levels for a meal at a restaurant, including alcohol, are:

- Lunch:** \$40.00 per person per meal, before tax and gratuity (this includes the \$15.00 alcohol limit)
Dinner: \$75.00 per person per meal, before tax and gratuity (this includes the \$25.00 alcohol limit)

Meal expenses for the spouse of a University employee may be reimbursed only if the spouse of a University guest also attends.

6.2 Alcohol Expense

Purchase of alcohol for students is prohibited. This applies to both undergraduate and graduate students. Please note that if alcohol is served at an event where students are present, a memo stating that no alcohol was served to students is required and must be sent with the reimbursement request.

While the amounts should generally be much lower, the dollar amount of requested reimbursement for alcohol consumption should not exceed:

- Lunch:** \$15.00 per person per meal, including tax and gratuity
Dinner: \$25.00 per person per meal, including tax and gratuity

At events, such as receptions, the maximum allowable is \$15.00 per person. All of these limits are part of, not separate from, total meal expense limits as defined within these policies.

The purchase of alcohol for more than one event requires the additional approval of a higher departmental level.

6.3 Refreshments/Snacks

For an approved non-catered business meal or function where refreshments and/or snacks are served in lieu of restaurant-style meals, Foundations will reimburse the related expenses provided that they are reasonable.

6.4 Coffee Service

Departmental coffee services (reasonably priced) can be reimbursed with Foundation funds provided that the service is for University guests and departmental meetings.

7. Staff Meetings, Parties/Receptions, & Catering Services

7.1 Staff Meetings / Departmental Planning

Events that are held for a valid business purpose (i.e. staff meetings, departmental planning sessions, etc.) are not included in per-year or per-semester limits. Please note that there is a separate policy concerning retirement/departure functions. Maximum reimbursement rates are the same as those listed in the tables shown in *Section 6. Food & Alcohol Expense*: \$40.00 per person for lunches, including alcohol, and \$75.00 per person for dinners, including alcohol, for meals at a restaurant; \$40.00 per person for refreshment-style meals (i.e. Heavy hors d'oeuvres).

7.2 Parties/Receptions

Parties/receptions held solely to promote faculty/staff social interaction and morale will be limited to one event per fiscal year per department. This limit includes events such as holiday parties and departmental picnics. If a college holds a college-wide social interaction and morale event, then that event counts towards the maximum for each department within the college.

1. Events involving primarily University faculty, staff, and/or students:
Maximum reimbursement rate of \$40.00 per person;
2. Events aimed primarily at outside constituents such as alumni and prospective donors:
Maximum reimbursement rate of \$50.00 per person.

When room costs for functions are charged, the room charge will be treated as a separate item and does not have to be factored into the food costs noted above.

The above-noted limits may be exceeded if funds are collected from the attendees to cover the overage and the full collection becomes deposited with the applicable Foundation project. In this case, indicate on the Check Request Form (Appendix A) that additional funds have been collected. *Please note that any funds collected must follow A/P Policies when being dispersed.*

All payment requests for holiday parties/receptions should include a Foundation Meals/Business Cultivation Expense Form (Appendix D). The approximate number and classification of attendees must be documented on the form (i.e. alumni, donors, public, faculty, staff, students, etc.).

Note: Foundations will not pay or reimburse for entertainment expenses at staff events or departmental planning meetings. *See section 7.6*

7.3 Retirement Parties

Retirement functions, and/or departure from the University functions for individuals with significant years of service (i.e. 10 years), do not count towards the limit on parties/receptions to promote faculty/staff social interaction and morale. However, they have their own limit of one event per semester, per college (limit of two functions per fiscal year). The College of Arts & Sciences will be allowed two such events per semester due to its size (limit of four functions per fiscal year). Exceptions to the number of events per semester will only be considered for retiring Deans and Executive Administrators.

Note: *Foundations will not pay for individual departure meals.*

Events involving primarily USC faculty, staff, and/or students may be reimbursed up to a maximum of \$40.00 per person. The per person limit may be exceeded only if funds are collected from attendees to cover the overage and the full collection becomes deposited with the applicable Foundation project. In this case, indicate on the Check Request Form (Appendix A) that additional funds have been collected.

7.4 Retirement Gifts

See gift policy section H. 15 and H.15.1

7.5 Catering Services

All Check Request Forms (Appendix A) for catering services must contain the social security number or the Federal Tax Identification Number (FEIN) of the caterer if an IRS W-9 Form is already on file.

An IRS W-9 Form (Appendix C) must be attached to the Check Request Form (Appendix A) for all new caterers. The IRS W-9 Form can also be found on the IRS website www.irs.gov.

Note: According to University policy, the University's food service provider has the exclusive right to provide catering services in non-athletic venues on the University campus for pricing mutually agreed upon in Contractor's Catering Guide. If the department and the food service provider cannot agree to a schedule or menu, approval may be given by the Associate Vice President for Business Affairs for an outside caterer to be used for an event.

7.6 Activities and Entertainment

Foundations will not pay or reimburse for activities for which the purpose is strictly to entertain. Examples of such would be ceramics/art/painting, athletic or other venue admission tickets, hiring of contracted entertainers, etc. This applies to staff meetings, departmental planning events, retreats, or a morale event.

Entertainment expenses which are appropriate for donor cultivation or student events, such as music performances, may be reimbursed.

D. Travel

8. Travel Expense

A traveler on official business will exercise the same care in incurring expenses and accomplishing an assignment that a prudent person would exercise if traveling on personal business. Excess costs, circuitous routes, delays, or luxury accommodations unnecessary or unjustified in the performance of an assignment are not considered exercising prudence.

Payment of ordinary and necessary travel and meal/business cultivation expense shall be considered by Foundations if the stated purpose of such expenditure is authorized business of the University and/or Foundations. Travel requests must include the benefit to the University as well as the time, place, and dates of the departure and return.

Travel expense reimbursement requests submitted to Foundations while in a University travel status must include a copy of the applicable Travel Reimbursement Voucher (TRV), provided that a TRV was submitted to the University for any expense category. If a TRV was not submitted to the University then a TRV should not be submitted with the reimbursement request; please indicate this by checking "NO" in the appropriate box on the Check Request form. If a TRV was not filed, but the requestor filled one out specifically to assist with calculating expenses, please clarify as such on the form and still check the appropriate "NO" box to avoid confusion.

Fines for moving or non-moving violations (e.g. parking tickets) **will not** be reimbursed.

8.1 Mileage

Foundations uses the mileage rate as set forth by the Internal Revenue Service. A lower reimbursement level may be set for specific colleges or departments as deemed necessary by the Dean or Department Chair.

Foundations will not reimburse for the use of a personal car within ten (10) miles of an employee's official headquarters and/or place of residence.

Foundations will not pay deductibles associated with insurance claims as a result of the use of a privately owned vehicle.

8.2 Meals

Meal expenses incurred while in a University travel status are reimbursed based on the time of departure and the time of return. Please include these times on the check request form. Foundations cannot reimburse for meals on one-day travel unless the employee is accompanied by a non-University business guest at the meal.

If more than one University employee was present at a meal, then a copy of each employee's TRV (for those employees who submitted one to the University) must be attached. Audit requirements stipulate verification of per diem claimed versus Foundation meals claimed.

The maximum reimbursement levels for meals (including alcohol) while in University travel status are:

- Lunch: \$40.00 per person per meal, not including tax and gratuity (this includes the \$15.00 alcohol limit)
- Dinner: \$75.00 per person per meal, not including tax and gratuity (this includes the \$25.00 alcohol limit)

Business meals with non-University individuals should have a ratio of no more than four University employees to one non-University individual.

Meal expenses for the spouse of a University employee may be reimbursed only if the spouse of a University guest also attends.

Note: *The University's standards for meal reimbursement from state funds are found in University Policy BUSF 7.05, and may differ from the Foundations' policies.*

8.3 Hotel

No reimbursement for overnight accommodations will be made within fifty (50) miles of the employee's official headquarters and/or residence.

Note: *According to University policy, all lodging costs for University personnel cannot exceed \$300 per 24 hour period. Any expenditure in excess of these sums must have the prior approval of the Chairman of the USC Board, or the Vice Chairman in his absence, with notice to the full Board. This approval is required regardless of the source of funds paying for the expenditure.*

8.4 Airfare

Travel by commercial airlines will be in coach or economy class. ***Exceptions to this policy must be requested in advance and will be considered only in unique or urgent circumstances.***

8.5 Telephone

During University travel, one brief personal telephone call per night is allowable (up to \$5.00 per day).

8.6 Per Diem

Foundations will reimburse per diem at the rate set by the University. These rates are currently \$25.00 per day for in-state meals and \$32.00 per day for out-of-state meals, each broken down by the type of meal (see chart below). The time limitations for breakfast will not apply for overnight trips when returning early in the morning.

Non-Travel Day: Time of Meal	Meal is Considered	In-State Per Diem	Out-of State Per Diem
Before 11:00 AM	Breakfast	\$6.00	\$7.00
Between 11:00 AM and 5:15 PM	Lunch	\$7.00	\$9.00
After 5:15 PM	Dinner	\$12.00	\$16.00

Travel Day: First Day of Trip		Travel Day: Last Day of Trip	
If you leave before:	You may be reimbursed:	If you return after:	You may be reimbursed:
6:30 AM	Full Day	11:00 AM	Breakfast Only
11:00 AM	Lunch & Dinner	1:30 PM	Breakfast & Lunch
5:15 PM	Dinner Only	8:30 PM	Full Day

Per Diem for one-day travel must be paid through the University. Foundation funds may then be used to reimburse departmental funds after-the-fact. ***Travel advances for per diem are prohibited.***

8.7 Employee Spouse Travel

Spouses of faculty and staff are occasionally asked to travel on University business. The travel of a spouse may be to assist with fundraising or to represent the University at some function related to State of South Carolina business. The ***Request for Spouse Travel*** form is intended to document the appropriateness of spouse travel in accordance with Foundation, University, and Internal Revenue Service guidelines.

Spouse travel reimbursement by Foundations requires approval by a Dean or Officer, or their authorized representative (for Officer travel, approval is given by the President, EVP, or Provost) on the ***Request for Spouse Travel*** form. While preapproval is not required, obtaining it ensures the traveler knows the reimbursement status of spouse travel expenses before the travel takes place.

The ***Request for Spouse Travel*** form should be sent to the Foundations' Accounts Payable department prior to the date of travel for taxability determination. Spouse travel will be approved for non-taxable treatment only when the presence of the spouse on a business trip serves a bona fide business purpose. Otherwise, travel expenses for a spouse, even if approved for reimbursement, must be treated as compensation, subject to required payroll tax withholding, and reported on the employee's IRS Form W-2.

WITHOUT PREAPPROVAL, THE TRAVELER ACCEPTS THE RISK OF NOT BEING REIMBURSED FOR SPOUSAL TRAVEL.

Spouse Guidelines:

The following guidelines will be used by Foundations in determining whether reimbursement for a spouse's expenses should be taxable:

Considering an eight hour workday to be standard, the spouse would need to demonstrate more than five hours of business-related activity for the vast majority of travel days to achieve non-taxable status. Any activity performed on behalf of the University should be documented as well as other events or entertainment occasions (e.g., dinners, receptions, etc.) for which the employee and spouse are acting in an official capacity on behalf of the University.

Foundations has interpreted "business purpose" strictly while understanding the social demands imposed upon University employees due to the fundraising requirements of the University. While meeting with donors or potential donors at dinners, receptions, or out-of-town conferences, spouses of the donors or potential donors are often in attendance. The spouses of donors are deeply involved in the decision to donate, and if attendance by a University spouse creates an atmosphere conducive to the production of a gift, this would constitute a "business purpose."

Business Purpose - When a spouse's attendance at a professional function or meeting with current or potential donors serves a legitimate business purpose, the spouse's travel expenses can be reimbursed without tax impact. A detailed itinerary must be submitted outlining the "who, what, when, where, and why" of the spouse's activities each day on the trip.

-Spouses are expected to attend and participate in business and social sessions in accordance with planned programs.

-Spouses are expected to assist University officers in developing and renewing personal contacts.

-Spouses are expected to entertain business guests and their spouses. The presence of spouses will enhance the image of the University and its officers.

Incidental Duties - When a spouse attends a meeting, university sporting event, or conference as a companion, and has no significant role or performs only incidental duties, the spouse's attendance does not constitute a business purpose.

What the IRS says in Publication 463 – Travel:

*“**Example.** Jerry drives to Chicago on business and takes his wife, Linda, with him. Linda is not Jerry's employee. Linda occasionally types notes, performs similar services, and accompanies Jerry to luncheons and dinners. The performance of these services does not establish that her presence on the trip is necessary to the conduct of Jerry's business. Her expenses are not deductible.”*

The Foundations' Interpretation:

Linda is not performing a legitimate business purpose and her expenses should not be reimbursed, and, if we do reimburse, we must include the amount in Jerry's taxable income on his W-2 at year end.

What the IRS says in Publication 463 – Travel:

*“**Lavish or extravagant.** You cannot deduct expenses or meals that are lavish or extravagant. An expense is not considered lavish or extravagant if it is reasonable based on the facts and circumstances. Expenses will not be disallowed merely because they are more than a fixed dollar amount or take place at deluxe restaurants, hotels, nightclubs or resorts.”*

The Foundations' Interpretation:

We are stewards of gifts from our donors, and we will not reimburse for lavish or extravagant spending. Any reimbursement for entertainment will be evaluated in the context of a beneficial return to Foundations or the University. Unnecessary spousal travel will not be reimbursed.

E. Contracts & Honoraria

9. Contractual Services

A Contractual Service is defined as non-honorarium work performed by an independent contractor, whether an individual or a business, requiring specialized knowledge, experience, expertise, or similar capabilities whereby the service rendered does not consist primarily of acquisition of equipment or materials.

9.1 University Employees and Students

Contractual service payments **cannot be made to University employees or students**. Per IRS regulations, contractual payments cannot be made directly by Foundations if there is an employee/employer relationship. Payments of this nature must be made through the University in order for the applicable tax to be withheld. Foundations can reimburse departmental funds after-the-fact.

9.2 Non-University Individuals

The following forms should be completed:

- 1) A completed and signed IRS W-9 Form (Appendix C) must be filled out for each person providing the contractual services. Please include a permanent residence address on the IRS W-9 Form for payments to individuals.
- 2) The Check Request Form (Appendix A) should be sent to Foundations. Foundations will verify, through Payroll, that the individual is not a USC employee or USC Student.

9.3 Businesses and Organizations

The following forms should be completed:

- 1) A completed and signed IRS W-9 Form (Appendix C) must be filled out for each business or organization providing the contractual services.
- 2) The Check Request Form (Appendix A) should be sent to Foundations. Foundations will verify, through Payroll, that the individual is not a USC employee or USC Student.

The IRS W-9 Form can also be found on the IRS website www.irs.gov.

Foundations will issue an IRS Form 1099 as applicable.

10. Honoraria

An honorarium is a payment given for professional services that are rendered nominally without charge. A completed W-9 must be on file with the Foundation Office for all honoraria payments.

10.1 University Employees and Students

Honoraria cannot be paid to University employees or students.

10.2 Non-University Individuals

The Check Request Form (Appendix A) should be sent to Foundations. Foundations will verify, through payroll, that the individual is not a USC employee or USC Student.

10.3 Foreign Nationals

10.3.1 Inside the United States

Foundations does not issue any compensation payments (i.e. honoraria/contractual services) directly to foreign nationals unless the service was provided outside the United States. Visiting foreign nationals are paid through the University, as cleared by the University's Office of International Support for Faculty and Staff. Foundations can reimburse University departmental funds for expenses related to foreign nationals after the payments are processed through the University.

10.3.2 Outside the United States

If the service was provided outside the United States, please submit a completed Check Request form with all original documentation.

Foundations shall provide an IRS Form 1099 as applicable.

F. Financial and Related Services

11. Financial Aid, Awards, & Scholarships

Cash awards paid directly from the Foundations are prohibited.

11.1 University Faculty/Staff

All faculty/staff awards will be processed through the University in accordance with its policies and procedures. Foundations **cannot pay a University employee directly for an award**. Foundations can reimburse the department's University account for these expenses. To receive reimbursement, submit a Check Request Form (Appendix A) payable to Financial Services (University Accounting) with a copy of the University General Ledger Activity Report attached.

11.2 University Students

11.2.1 Financial Aid

All University student awards must be processed through the University's Office of Student Financial Aid. Foundations **cannot pay a University student directly for an award**, nor can it reimburse an individual who made such payments on behalf of a student, due to Federal regulations that the University and Foundations must follow. Awards and scholarships paid directly to a student are strictly prohibited.

11.2.2 Scholarships

Foundations will reimburse the University "S" funds for scholarships and fellowships as approved by the departments. Scholarships are billed to departmental "S" funds.

11.3 Non-University Individuals

Employment status must be verified by the Payroll Office for all non-University individuals receiving awards.

A completed and signed IRS W-9 Form (Appendix C) must be attached to the Check Request Form (Appendix A). The IRS W-9 Form can also be found on the IRS website www.irs.gov.

Foundations will issue an IRS Form 1099 as applicable.

12. Salary Supplements

Foundations will reimburse the University for salary supplements, chair payments, and professorship supplements, including fringe benefits, as approved by the Office of the Provost or the President.

G. Dues & Fees

13. Professional Dues / License Fees & Club Memberships

13.1 Professional Dues and License Fees

Professional dues may be paid by Foundations if the membership is reasonable and justifiable and provides a benefit to the University. The Foundation may pay individual license fees when a license enhances a University position (i.e. South Carolina Bar Association license fees, Certified Public Accountant license fees, etc.) Additional/Optional Contributions **may not** be paid by the Foundation. Please indicate the benefit to the University on the Check Request Form (Appendix A).

Note: If a copy of the form/document must accompany the payment, please include an extra copy with the check request form.

13.2 Club Memberships

Club Memberships include memberships to Country Clubs, Dining Clubs, etc. The benefit to the University for having the membership must be documented in order for the dues to be reimbursed.

Example of benefit to the University: If the club has a reciprocal agreement with other clubs in the nation, hotel stays may be at a significant discount to the member, thereby saving the University money for the repeated use of such hotel stays by an employee who often requests reimbursement for legitimate business travel.

Club Membership dues are fully taxable to the employee unless proof is provided that 100% of the individual's usage of club privileges has been for business purposes. Even one instance of using club privileges during a year for personal reasons (e.g. personal lunch) renders the entire membership dues payment/reimbursement as fully taxable.

14. Fines & Late Fees

Fines for moving or non-moving violations (e.g. parking tickets) **will not** be reimbursed.

Late fees and rebilling charges **will not** be paid with Foundation funds.

H. Gifts, Prizes, & Tickets

15. Gifts

All gifts are limited to \$25.00 (tax included) as per IRS regulations, except as noted in section 15.8 (Gifts to Donors in Response to a Gift). Gifts to University employees are prohibited except in circumstances of retirement or departure from the University after significant years of service (see 15.1 University Employees - Retirement). Similarly, gifts of recognition (i.e. “thank-yous”) are also prohibited.

The maximum reimbursement level for a business gift to an individual for purposes of special recognition is \$25.00 (IRS Publication 463), except in cases where the gift is made in direct response to a donation made to the University (see 15.8 Gifts to Donors in Response to a Gift). IRS policy dictates that a business gift to an individual’s spouse is considered an indirect gift to the individual and therefore is not counted separately when applying the \$25.00 limit.

Incidental costs, such as engraving, mailing, or gift wrapping are not included in the \$25.00 limit. A cost is incidental only if it does not add substantial value to the gift.

15.1 University Employees – Retirement

Gifts are allowed, up to \$25.00, for retirement and for departure from the University after significant years of service (i.e. 10 years). Alternatively, personalized/engraved plaques may be given (see H.17 Framing & Plaques). Gifts of artwork, prints or decorative documents, whether personalized or not, are prohibited. Please include the individual’s name, reason for the gift, and years of service on the Check Request Form.

15.2 Specific Non-University Individuals

For gifts to non-USC individuals who are known (i.e. not bulk gift purchases), please include the name and title (or other designation sufficient to establish a business relationship) of the recipient(s) on the Check Request Form.

15.3 Gift Cards

Store-value gift cards are not considered cash and are therefore permissible within the same guidelines as any other non-cash gift.

15.4 Cash Gifts

Cash gifts are prohibited.

15.5 Gifts with the University/Department Name or Logo

Items that cost \$10.00 or less and bear the University/department name or logo are not considered gifts for the purposes of the \$25.00 limit. Examples include pens, bookmarks, key chains, etc.

15.6 Bulk Gift Purchases

For bulk gift purchases, recipient information must be available to Foundations when needed. One of the following options must be selected for **each** Check Request Form:

1. Complete the Gift Recipient Form

Provide Foundations with a completed Gift Recipient Form (Appendix E) for **each** bulk purchase on a **quarterly** basis. Unless a completed Statement of Responsibility is included with a Check Request/Authorization Form, Foundations will expect to receive a Gift Recipient Form quarterly. Foundations may request a copy of these forms at any time.

2. Complete the Statement of Responsibility

Provide Foundations with a completed Statement of Responsibility (Appendix F) for **each** bulk purchase. In doing so, each college agrees to accept responsibility for the collection and maintenance of recipient data for a specific bulk purchase. Please note that only the Dean of the college is authorized to sign the Statement of Responsibility. Foundations may request a copy of this data at any time.

15.7 Gifts to Elected Officials

Any gifts for public officials, whether elected or appointed, at any level, must be **pre**-approved by the University's Legal Department.

15.8 Gifts to Donors in Response to a Gift

A gift to a donor in direct response to a donation made to the University is limited to the lesser of \$105.00 (indexed annually by the IRS) or 2% of the gift. IRS policy dictates that a gift to an individual's spouse is considered an indirect gift to the individual and therefore is not counted separately when applying these limits.

16. Flowers

The reimbursement levels for flowers, or food baskets in lieu of flowers, are as follows:

16.1 Hospitalizations and Funerals

Foundations will reimburse up to \$90.00, plus tax and delivery, for flowers sent to employees of the University and their immediate family members for hospitalizations and funerals. Immediate family is defined as the parent, spouse, parent of spouse, child, spouse of child, brother, spouse of brother, sister, spouse of sister, grandparent, great-grandparent, grandchild, great-grandchild, or legal guardian of either the employee or employee's spouse.

16.2 Donor Recognition/Appreciation

Foundations will reimburse up to \$90.00, plus tax and delivery, for flowers sent to a donor.

16.3 Event Flowers

Flowers for events such as banquets, ceremonies, and graduation may exceed \$90.00, but must still be reasonable in cost for the event.

16.4 Flowers for Employees

Flowers for employee recognition are prohibited.

17. Framing & Plaques

17.1 Framing

17.1.1 Certificates

Framing of personalized certificates for the purpose of special recognition may be reimbursed.

17.1.2 Artwork, Prints, Decorative Documents, etc.

Framing of artwork, prints, decorative documents, or similar items for use in departmental offices is permitted. These prints become property of the University.

Framing of such items to give to employees or donors, whether personalized or not, is prohibited, as it would exceed the Foundations' gift limit (see *15. Gifts*).

17.2 Plaques

Personalized/Engraved plaques or similar items, purchased for the purpose of special recognition may be reimbursed up to a maximum of \$200.00 including tax and fees.

18. Prizes, Raffles, & Auctions

18.1 Prizes

Foundations will reimburse for prizes if the following requirements are met:

1. There must be written rules and eligibility requirements for how the winner of a contest will be determined. Even in the presence of otherwise enforced eligibility requirements, the determination of a winner cannot be made by raffle (see *18.2 Raffles*).
2. Prizes of \$600.00 or more, whether cash or a tangible item, are taxable to the recipient. A W9 form must be obtained from the prize winner. Foundations will issue an IRS Form 1099 as applicable.
3. The name and address of all prize recipients must be furnished.

18.2 Raffles and Door Prizes

Although the SC legislature now allows certain nonprofit organizations to conduct raffles, University Foundations does not participate and these types of expenses will not be reimbursed.

The only instance for which Foundations will reimburse for door prizes is if the event is open to everyone and there is absolutely no payment received from the participants. This includes payment for a raffle ticket, a meal, entry to the event at which the random drawing is being held, or anything else that could be so construed. Door prizes are limited to \$150.00 and we need to know the name and address of the recipient.

18.3 Auctions

Items to be auctioned off for otherwise approved purposes may be purchased with or reimbursed from Foundation funds.

19. Tickets

Athletic, theater, and other tickets purchased using Foundation funds are to be used only for donor cultivation and/or student recruitment.

Accordingly, tickets may be provided to prospective donors and invited guests of the University and their immediate family members. Use of tickets by USC employees is prohibited except when the employee is accompanying a prospective donor or invited University guest. A spouse may accompany the USC employee if the spouse of a prospective donor or University guest also attends. Use of tickets by children or friends of USC employees is strictly prohibited.

A list of attendees, including both the name and title (or other designation sufficient to establish the business relationship) of the attendee(s), should be provided to the Office of the Provost and to Foundations within **five (5) business days**.

I. Tangible and Other Assets

20. Technology

20.1 University Technology

Technological equipment, such as computers, peripherals, accessories, hardware, software, or other similar devices (e.g. tablets, iPads, or other innovations) that are purchased with Foundation funds become the property of the University. The department initiating the purchase is responsible for properly safeguarding all assets purchased with Foundation funds. Assets purchased with Foundation funds are not the property of any individual without specific written approval of Foundations' Executive Director.

Warranty cost can be included in the cost of the technological item if purchased together.

Any items or capital improvements costing over \$5,000.00 will be reported to USC Controller's Office to be placed on its inventory list and capitalized.

Note: *All items must be shipped to a University address.*

20.2 Cellular Phones and Plans

Foundations may reimburse or issue stipends for cellular phones and cellular plans to University employees. Per IRS regulations, employee usage of employer-provided cell phones for reasons related to the employer's trade or business as a working condition fringe benefit is excludable from the employee's income. To qualify, the employer must require employees to maintain cell phones either 1) so the employer can contact the employee at all times for work-related emergencies; or 2) so that the employee is available to speak with clients at times when the employee is away from the office or times outside the employee's normal work schedule.

20.2.1 Cellular Phones

The cost of a new cellular phone may be reimbursed up to \$100.00 per University employee every two years. Employees should complete a Foundations Check Request Form, and the original receipt for the phone's purchase must be attached. Ownership of the phone will be determined as indicated on the corresponding Cell Phone Stipend Request Form; if the employee is not requesting a monthly stipend, then the phone is property of the University and subject to University policies unless otherwise made known.

20.2.2 Cellular Phone Plans

Foundations will pay for University employees' cellular plans either on a reimbursement or a monthly stipend basis.

Reimbursement

Foundations may reimburse an employee for a cellular plan on a per-request basis up to \$125.00 per month. An employee requesting reimbursement for a paid cell phone bill must submit a Foundations Check Request Form signed by his or her supervisor along with an original bill detailing the cellular plan. Individuals and supervisors submitting any such request, in so doing, acknowledge that the reimbursable portion of the cellular plan conforms with the IRS goals and qualifications listed above as well as to one of the following:

1. The job function of the employee requires him/her to be outside of the assigned office or work area more than 50% of working time, and immediate responses are required; or
2. The job function of the employee requires him/her to be accessible outside of scheduled or normal working hours; or
3. The employee is a critical University decision maker who needs to be immediately accessible; or
4. Other reason - further justification must be supplied.

Monthly Stipend

In order for Foundations to pay a monthly stipend for cellular phone plans (talk time, data usage, etc.), a current-year Cell Phone Stipend Request Form, which includes an Employee Statement of Responsibility, must be completed and on file with Foundations. The form must be submitted once per calendar year as well as any time an employee's cellular plan changes (not including taxes or other uncontrollable items). Acceptance of the Request is subject to the following conditions:

1. The monthly stipend amount requested does not exceed \$125.00.
2. The monthly stipend amount requested is substantiated by either a copy of the plan information or an original bill (no more than one month old) showing the plan information.
3. The "Allowance End Date" is not past December of the current calendar year; a new Cell Phone Stipend Request Form, including proper updated documentation, signatures, and allowance dates, must be submitted at least once per calendar year for each employee.

(In order to avoid skipping January payments, please submit renewal requests in December.)

The Request form will also serve as a recurring check request form until the Allowance End Date as indicated; an employee should not submit more than one such form per plan per year and should not submit Foundations Check Request Forms for the stipend. Stipend checks will be processed automatically during the third week of each month by Foundations whenever possible.

By submitting a Stipend Request Form, the employee's department assumes the responsibility to notify Foundations as soon as possible should the individual become separated from the University.

What the IRS says in Memorandum SBSE-04-0911-083 about cellular phone and plan taxability:

An example of a reimbursement arrangement that does not result in additional income or wages is as follows: an employer has a substantial noncompensatory business reason for requiring the employee to maintain a personal cell phone to facilitate communication with the employer's clients during hours outside the employee's normal tour of duty in the office and reimbursing the employee for the use of the phone. The employee uses the cell phone for both business purposes and personal purposes and the employee's basic coverage plan charges a flat-rate per month for a certain number of minutes for domestic calls. The employer reimburses the employee for the monthly basic plan expense to enable the employee to maintain contact with business clients throughout the United States after hours.

21. Books & Periodicals

Books, periodicals, and other informational materials purchased with Foundation funds must be stamped with a department or University stamp on the first page following the cover item or clearly identified in some other manner. These items become the property of the University. The department initiating the purchase is responsible for properly safeguarding all assets purchased with Foundation funds. Assets purchased with Foundation funds are not the property of any individual without specific written approval of Foundations' Executive Director.

Note: *All items must be shipped to a University address.*