

Buffalo State College Foundation

Cash Disbursements Policy Department and Campus-Related Transactions

Effective Date: March 21, 2025

Purpose

To ensure that payments using funds of the Buffalo State College Foundation, Inc. (the “Foundation”) by the departments and campus-related entities of Buffalo State University (the “University”), including payments for goods and services, reimbursements to employees for supplies, travel, and miscellaneous expenses are directly related to or associated with the mission of the Foundation and consistent with the purpose of the gift or other funding source expectations. Expenses must be reasonable and necessary, properly authorized, supported by appropriate documentation, and comply with the requirements of this policy and any other applicable Foundation policies and procedures.

Applicability

These policies apply to the following funds and types of payments:

1. This policy applies to the disbursement of Foundation funds, in whole or in part, in support of a department or campus-related entity of Buffalo State University, initiated by such department or campus-related entity (“Covered Disbursement”). To the extent applicable, a Covered Disbursement must have satisfied all requirements of the Foundation’s Procurement Policy for Department and Campus-Related Transactions prior to disbursement of funds in accordance with this policy.
2. This policy does not apply to funds received or disbursed by the Foundation as a fiscal agent or in a custodial capacity for other organizations, including any University affiliate.
3. This policy applies to the following individuals (“Covered Individuals”) engaging in or otherwise facilitating a Covered Disbursement:
 - all directors, officers, employees, agents, and volunteers of the Foundation, including, but not limited to, any third party financial and accounting service

providers to the Foundation (“Foundation Accounting”), which, as of the Effective Date of this policy, is Buffalo State University’s Finance and Management Department, and

- Buffalo State University department employees and personnel when making payments with funds received from or granted to such department from the Foundation.
4. This policy shall apply regardless of where the Foundation funds to be used in connection with a Covered Disbursement are maintained or the manner in which payment is to be made, including whether made by check, wire transfer, ACH, on-line payment, credit card, or other electronic payment method. For clarity, this includes payment made from (a) funds in the Foundation’s general operating account or investment accounts, or (b) payments which will be reimbursed from any of the foregoing sources of Foundation funds.
 5. This Policy shall apply regardless of whether the Foundation, Buffalo State University, or any department or campus-related entity thereof is the named party to the contract for any goods or services.
 6. This Policy shall apply to all Covered Disbursements commenced or made on or after the effective date hereof. A contract with respect to a Covered Disbursement made before the effective date of this policy shall be governed by those laws, policies, and procedures in effect at the time of the disbursement.

The Foundation Board may, from time to time, amend these policies and procedures in order to remain consistent with current best methods and business practices.

General Disbursement Controls

1. Authorization

Department

The Project Director (as defined in the Campus Granted Funds Policy) is responsible for approving the Payment Request for the purchase of goods and services; the individual ordering the goods and services, ideally, should be someone other than the Project Director who has signatory authorization.

Foundation Accounting

Requests for payment must be approved by an authorized individual only and should never be the same individual inputting the request for payment into the Accounts Payable application in the accounting system.

2. Segregation of Duties

Accounts Payable personnel responsible for preparing, reviewing, and/or ensuring cash availability at the time of processing should not be responsible for setting up vendors in the Accounts Payable module. If staffing is such that it is not practical, or possible, to separate the functions, another individual should monitor the vendor list for propriety.

3. Safeguarding Check Stock

Check stock should always be stored in a secure location. Access to the check stock should only be to individuals that are not responsible for processing checks. Check stock replenishment and usage should be controlled through inventory or log sheet.

Allowable Purchases and Reimbursements

All disbursements must be consistent with the purpose of the gift, funding source expectations, and the purposes of the Foundation. All disbursements involving the procurement of goods and services must also comply with the Foundation's Procurement Policy for Department and Campus-Related Transactions. To the extent a disbursement meets these requirements, the requirements of this policy, and any other applicable policy of the Foundation, examples of disbursements which may be permissible include:

1. Purposes consistent with the guidelines contained in the gift document.
2. Student financial aid, including scholarships and fellowships; assistance to students engaged in special projects and programs.
3. Travel, subject to any applicable Travel Policy of the Foundation..
4. Planning retreats and other programs involving students, faculty, and staff.
5. Publications.
6. Equipment.
7. Supplies and materials.
8. Faculty and staff development, including academic support.
9. Capital construction projects.
10. Research and special projects.

11. General expenses, such as meals, lodging, or other hosting costs related to the interview process with prospective employees.
12. Individual or department membership dues and subscriptions, if they are directly related to the position of job duties of faculty and staff.
13. Awards made in recognition of superior performance by employees, or students, through college programs when funds have been designated for that specific purpose. Such awards must be made by a clearly defined selection process.
14. Hospitality and hosting expenses incurred in the process of cultivating donors and/or prospects. This includes expenses in programs for the recognition of donors/prospects, hosting meals, special events, and travel.
15. Moving expenses that exceed the amount allowed from state funds; this must be in writing and offered as part of the position offer by the appropriate vice president and dean.
16. Meals and refreshments, subject to any applicable Meals and Refreshments Policy of the Foundation.
17. Individual membership dues, licenses and certifications related to an employee's duties and responsibilities of the position.
18. Financial support to college-related entity, department, or organization.
19. Honoraria, speaker, and consulting fees.

Non-Allowable Purchases and Reimbursements

The following are examples of disbursements which are not permitted:

1. Expenses that do not meet the test of legal, ethical, or public perception of appropriateness.
2. Expenses without appropriate documentation or available account funds.
3. Expenses of a purely personal nature.
4. Expenses which do not comply with the applicable requirements of the Granted Funds Policy, the Procurement Policy for Department and Campus-Related Transactions, or any other policy of the Foundation.
5. Personal gifts to non-employees, except in those instances where the gift is a part of the

donor prospect cultivation process or where a gift is a cultural expectation.

6. Decorations for an unofficial event, i.e., an office-based party for birthdays, retirement, holidays or anniversaries. This includes holiday decorations for general office space as well as for personal office spaces.
7. Gifts to faculty, staff, and/or students, i.e. this includes birthdays, anniversaries, weddings, retirement and other special occasions of a personal nature.
8. Charitable contributions to any individual, organization, or institution unrelated to the University.
9. Membership dues, licenses, or certifications that are not directly related to the improvement of an employee's ability to perform the duties and responsibilities of the position.
10. Purchases of alcoholic beverages to be stored for future use.
11. Fines for parking or traffic infractions, or for any other illegal actions.
12. Loans or advances, unless specifically allowed under the provisions of a Memorandum of Understanding and/or explicitly allowed by a donor for such purposes.
13. Direct payment of salaries or wages to faculty are not allowable unless it relates to a specific authorized agreement between the Foundation and recipients for services outside normal work requirements. Such payment to employees normally will be processed through the University Payroll Office.
14. Direct re-payment of student loans to lending source.
15. All federal and state government research contracts and supplemental grant applications, which must be processed through the University's Office of Sponsored Programs and Grants Management.
16. Payments must not be made from cash collections received in a department. Cash collections received in a department must be deposited with the designated business office. See Cash Receipts Policy for further information.
17. Purchase and/or maintenance of equipment located at home or other off-site location without express approval of Foundation Accounting.
18. Political contributions, including the purchase of tickets to attend a fundraiser.

19. Expenditures that may be considered extravagant and therefore might be misconstrued as a misuse of charitable funds, i.e. expenses to travel across the country for an Excel training class when the same class could be attended locally.
20. Loans or advances, with or without interest, that would be used for the private inurement of any individual. Loans through the Foundation are made only to students and only under bona fide loan programs.

Processing Payments

In connection with any Covered Disbursement, the appropriate Covered Individual must submit a Payment Request to Foundation Accounting. The Payment Request must be timely, must include all required supporting documentation as set forth in this policy and any other applicable policy of the Foundation. Prepayment requests are generally not allowed, except upon approval of Foundation Accounting. The following must be completed and accurate before Foundation Accounting may process any payment of a Covered Disbursement:

1. Goods have been delivered or services performed.
2. Goods or services have been procured in accordance with the Foundation's Procurement Policy for Department and Campus-Related Transactions.
3. Adequate cash balance to cover the disbursement.
4. If the Project Director is the payee, countersignature on the Payment Request has been obtained. Countersignature must be from the individual's supervisor or other appropriate individual at a level higher than the Project Director.

Supporting Documentation

All Payment Requests must include the following information to support the appropriateness of the Covered Disbursement and substantiate the expense:

1. A description of the purposes of the Covered Disbursement and an explanation of why the Covered Disbursement is consistent with the purpose of the gift or other funding source expectations or the purposes of the Foundation, as applicable. Foundation funds which, by the terms of the underlying gift or donation, are restricted may only be used in accordance with the specific uses and purposes of the underlying gift or donation. Any questions regarding the purposes of a Covered Disbursement should be directed to the Executive Director of the Foundation.
2. Documentation to substantiate the expense associated with the Covered Disbursement. The chart below is a guide of appropriate supporting documentation,

however, other Foundation policies may set forth additional supporting documentation requirements and the Foundation may request other documentation or information in its sole and exclusive discretion.

<u>Type of Payment</u>	<u>Supporting Documentation</u>
Goods from vendors	Invoice; purchase order, other procuring of goods supporting documentation (see Procurement Policy for Department and Campus-Related Transactions)
Services from vendors	Invoice; purchase order, other procuring of goods supporting documentation (see Procurement Policy for Department and Campus-Related Transactions); agreements (see contract requirement section)
Award payments to students	Documentation from department indicating award granted, i.e. award letter, departmental minutes indicating award, etc.
Purchases made through Procurement Card	See Procurement Policy for Department and Campus-Related Transactions.
Reimbursement to the College	See Reimbursement to College Accounts section.

3. For any Covered Disbursements equal to or greater than \$5,000, the department or campus-related entity must include the following with the Payment Request:
 - a. All price quotes obtained in accordance with the Procurement Policy for Department and Campus-Related Transactions.
 - b. Invoice
 - c. Purchase order/agreement, approved by the applicable dean
4. For any Covered Disbursements equal to or greater than \$10,000, the Payment Request must be signed by the applicable Project Director and dean.

Time Frame for Processing Payment Requests

Please allow for 5-7 business days for processing payments after the Foundation Accounting receives the Payment Request. If the Payment Request is completed improperly, or no supporting documentation or explanation is attached, the Payment Request will be sent back to the originating office. This could result in a delay beyond the normal time frame for processing. Checks are sent directly to the vendor or service provider unless special

circumstances dictate alternate delivery. Please contact Foundation Accounting if special circumstances apply.

Reimbursements to College Accounts

In many cases, expenditures are first paid from campus accounts and then reimbursed by the Foundation. Copies of the documents submitted for such expenses to be paid from the campus accounts should be submitted to Foundation Accounting in connection with the Payment Request. There are various forms of these types of reimbursements:

1. Scholarships disbursed by Student Accounts to students' accounts.
2. General Department Operating Expenses: if expenses are being reimbursed from accounts specifically set up for this purpose, all supporting documentation, including a financial report of expenses, are required to be submitted with the Payment Request.
3. Salaries and Benefits: a payroll register showing specific employee names, earnings, and benefits for the period(s) being reimbursed must be submitted with the Payment Request. Also, if the employee is being reimbursed for work across multiple projects, it is the responsibility of the department to maintain effort reports that substantiate the work performed across the different projects. These effort reports may be asked for to substantiate that the reimbursement request is accurate and to ensure that there is no duplication of reimbursements occurring.
4. Other Expenses: copies of original documentation submitted for payment through campus account and some proof that payment was made through state account (this might be a financial report showing the expenses recorded or a copy of a campus credit card statement showing the charges incurred on a campus charge account.)

Reimbursements to Individuals

Expenses incurred personally by University employees or other individuals, or using a Foundation issued credit card, are covered by this section. It is the responsibility of the individual incurring the expense to ensure that there are funds available in the appropriate account(s) to cover the reimbursement before the expenditure occurs and that the expenditure, when paid, will comply with the Foundation's Procurement Policy for Department and Campus-Related Transactions, this policy, and any other applicable policy of the Foundation. Failure to do so may result in insufficient funds available to reimburse the individual.

1. Proper Substantiation

The Foundation will not reimburse an individual for expenses if original receipts are not provided. Exceptions to receipt requirement are as follows:

- a. Business use of personal car at the standard mileage rate.
- b. Expenditures under \$10 (per item).
- c. Partial reimbursement from College sources: if an employee is reimbursed for a portion of his/her expenses from College sources, a copy of the receipt and the State reimbursement form will be accepted.
- d. Credit cards: credit card statements do not provide adequate supporting documentation. Original receipts for credit card purchases are obtainable from the vendor and should always accompany the Payment Request.

A reconstruction of records is allowable if originals have been lost through circumstances beyond the person's control, such as fire, flood, etc.

2. Account for on a Timely Basis

The Foundation will not reimburse an individual for expenditures if they are not submitted timely.

- a. A Payment Request must be submitted to Foundation Accounting within a reasonable period and, in any event, no later than 60 days after the expense is incurred (or in the case of reimbursement requests, paid).
- b. For any advances of Covered Disbursements made in accordance with this policy, the recipient of such advance must return within a reasonable period, no later than 60 days after the Covered Disbursement is paid, the amounts advanced that exceeded allowable expenses (advances).
- c. If the individual does not return excess amounts within reasonable time, the amount, which is taxable, is reported as compensation to the person.

Annual Tax Filing

The Foundation is required to file Form 1099 Misc. for individuals to whom the Foundation has paid at least \$600 in rents, services (including parts and materials), prizes and awards, legal, and other income payments, during a calendar year.

Backup Withholding

A payee has either a federal identification number or a social security (sole proprietor or individual reimbursement) number. Please indicate the appropriate number on the Payment Request. The Foundation is required by the Internal Revenue Service to withhold 31 percent of all reportable payments made to recipients for whom we must file a return that had either a missing or an incorrect taxpayer identification number (TIN).