



## **EXPENDITURE CONTROL POLICY**

### **GENERAL POLICY STATEMENT REGARDING EXPENDITURE OF FOUNDATION FUNDS**

The Foundation exists in order to support the MCG Enterprise in its academic, research, and patient care missions.

The following general principles apply in judging the appropriateness of expense reimbursements:

All expenses must be both reasonable in amount and necessary to support the mission of the MCG Enterprise.

Those requesting reimbursement from the Foundation should consider that reimbursement funds will come from the donor-provided dollars and that all expense requests are subject to public scrutiny. Documentation must make it clear that the expense is reasonable and related to MCG Enterprise business.

Requests for reimbursements must be approved by an authorized MCG Enterprise employee. Requests for personal reimbursement from the Presidents of the University or Hospital shall be reviewed by the Executive Committee of The Foundation.

The Executive Committee of The Foundation will adopt specific rules applicable to expenses for travel, entertainment, meals, lodging, and other expenses; however primary reliance will be placed upon the sound discretion and judgment of MCG Enterprise officials regarding expenses for which reimbursement is sought considering the principles set forth herein.

### **GENERAL EXPENDITURE PROCEDURES**

To comply with the Internal Revenue Code and its Articles of Incorporation, the Foundation and any individual funds therein must be organized and operated exclusively for the benefit of the MCG Enterprise with no part of its net earnings benefiting any private individual.

The MCG Enterprise shall establish written procedures to assure the appropriateness of the Foundation expenditures by departments and programs within each unit of the Enterprise. Every employee of the MCG Enterprise is responsible for compliance with the provisions of the Internal Revenue Code, the Foundation's Articles of Incorporation, and the intended fund purpose. These written procedures should be forwarded to the Executive Director prior to implementation, for information.



The financial services office is responsible for ensuring that all required supporting documents have been presented, that the appropriate funds are available for such payments, and that the obligations are paid on a timely basis.

Original invoices and receiving reports must be promptly submitted as supporting documentation with the disbursement request. Photocopies and carbon copies of invoices, receiving reports, receipts, and other supporting documentation are not acceptable. The Foundation is not exempt from sales tax. All invoices should include applicable sales tax.

### **EXPENDITURE GUIDELINES**

The following table summarizes the reimbursable status of certain types of expenditures that are frequently considered by the MCG Enterprise staff. These categories are included herein for clarity of these Policies.

	<b>Expenditure</b>	<b>Allowable</b>
1	Employee Services/Awards	Yes
2	Employee Travel	Yes
3	Meals for personnel  Alcohol only for institutional events, and for meals/events while conducting official business with external constituents	Yes – only if business related
4	Costs for athletic or cultural events	Yes – only if business related
5	Advocacy Events	Yes – subject to IRS Limits
6	Automobile for personal use	Requires approval of Exec Comm
7	Club Dues/Membership Fees	Requires approval of Exec Comm
8	Gifts to USG and MCG Enterprise Colleagues	NO

9	Flowers, gifts, gratuities to USG and MCG Enterprise Employees	NO; except for special requests outlined in policy
10	Contributions to other Non-MCG Affiliated Organizations	NO
11	Retirement Reception	Yes
12	Gift to Employee Leaving University or Hospital?	Yes – up to \$400
13	Consultants	Yes
14	Contractors	Yes
15	Honoraria (external)	Yes
16	Scholarships	Yes
17	Merchandise for Sale or Giveaway	Yes
18	Property/Facilities	Requires Detailed Plan
19	Moving Expenses	Yes; when included in written employment offer
20	Cell Phones/PDA's	Yes
21	Internet Service Provider Fees	Yes
22	Holiday Celebrations	NO
23	In/out funds collected from employees to be used for parties/gifts (ie., true agency)	NO
24	Receptions	Yes – only if business related

25	Holiday Cards and Postage	NO; except for donor cultivation through the MCG Enterprise Advancement Offices
26	Capital Equipment (\$5K+)	Yes
27	Small Value Equip (< \$5K)	Yes
28	Computers	Yes
29	Professional Licensure	NO
30	First Class Plane Travel	NO

### REIMBURSEMENT OF EMPLOYEES

Payments to MCG Enterprise employees for small miscellaneous purchases or other expenditures, excluding reimbursement for travel, will be made upon the presentation of an approved check request. A paid invoice, or a signed statement by the individual stating the nature and description of the expenditure for which (s)he is requesting reimbursement is required. Payments will be made directly to the employee; no payments will be made to credit card companies on behalf of an individual or an MCG Enterprise employee. Payments to an employee for services rendered are made through the appropriate payroll system only.

- **Travel**

The Foundation reimburses for reasonable and necessary expenses incurred while performing approved official travel away from headquarters and places of residence, in accordance with the relevant policies of the MCG Enterprise.

If travel is to be reimbursed using a combination of MCG Enterprise and Foundation funds, the Travel Expense Statement should show the complete cost of each trip. All expenditures relating to each trip (including airfare) must be included, even if reimbursement for the total amount is not being requested. A copy of the MCG Enterprise check request should be included with the Foundation check request. If travel is jointly funded with MCG Enterprise, the Foundation will accept copies of airline tickets and other receipts.

Travel reimbursement beyond that permitted under the policies of the MCG Enterprise may only be made with the approval of the relevant MCG Enterprise President and the Executive Director. Exceptions to the MCG Enterprise travel reimbursement policies must further the mission of the Foundation, and may include:



1. No maximums for overnight accommodations; therefore, original receipts are required for reimbursement.
2. Reimbursement for meals can be made at either the applicable MCG Enterprise per-diem rate or the actual expense incurred during the travel period. Reimbursements at the per-diem rate cannot be combined with actual costs. Original receipts are required for reimbursement of actual costs.

- **Entertainment**

Meals involving individuals external to the MCG Enterprise are authorized for the purpose of conducting business related to MCG Enterprise matters, entertaining and cultivating donors to the MCG Enterprise, and entertaining significant relationships for the benefit of the University. The business purpose must be documented and the names of the persons involved listed.

- Meals for University personnel only (i.e., not involving individuals external to the University), unless these are scheduled for the purpose of conducting business related to University matters or as an official function of the University, will not be approved.
- The Foundation funds may not be used to purchase entertainment for personal use. Reimbursement may be made for those tickets purchased for business uses and for which an accounting of use is submitted with the request for reimbursement.
- Foundation funds may be used for advocacy events (e.g., legislative dinners) subject to IRS rules.

- **Special Authorization**

The provision of an automobile for combined personal and business (mixed use) by an individual requires specific authorization by the Executive Committee of The Foundation.

The Executive Director will authorize club dues and membership fees for social organizations (if approved, these may be reimbursed on the same basis as the approximate percentage of business use).

- **Unauthorized Expenditures**

### **Unauthorized Expenditures and Clarifications**

To further clarify the Expenditure Chart of these policies, following are examples of certain expenditures that are not considered as serving the primary purpose of furthering institutional goals and programs and will not be approved:

- Gifts to University System of Georgia and MCG Enterprise colleagues.



- Purchase of gifts, flowers, and other gratuities for University System and MCG Enterprise employees.
- Contributions to other organizations not associated with the performance of services to or for an MCG Enterprise Program.

Foundation funds may be used to pay for the cost of a retirement reception. The receptions should be appropriate and moderate in their use of donors' funds.

When an employee leaves the MCG Enterprise, foundation funds up to the amount of \$400 may be used to purchase a gift.

The Foundation will consider special requests for reimbursement of expenses for flowers in memory of retired faculty/staff, current faculty/staff, and special MCG Enterprise friends. Each Vice President, Dean and Director should assure the appropriateness of the expenditure and the amount before requesting reimbursement.

### **MERCHANDISE INVENTORY**

Merchandise purchased with the Foundation funds for resale or give away must be used for institutional purposes.

### **PURCHASE OF A PROPERTY OR FACILITY**

The Foundation will from time to time purchase or lease properties and facilities on behalf of the MCG Enterprise to support academic programs and other unit goals. The Presidents of the MCG Enterprise will need to present a proposal to the Trustees that will include the following: feasibility study, business plan and financing plan.

### **TAX CONSIDERATIONS**

- **Unrelated Business Income Tax**

As a 501(c)(3) organization, The Foundation shall follow all state and federal regulations regarding unrelated business income tax, sales and use, 1099 reporting and taxable fringes (UBIT). As a general rule, the Foundation will not engage in activities which would generate unrelated business income, but may do so with the approval of the Board.

- **1099 Reporting**

The Foundation follows the Internal Revenue Service's guidelines of issuing a Form 1099 to individuals/corporations who receive payment for rents, contract services, honoraria, legal fees, consulting fees, prizes or awards, reimbursable expenses for which original receipts are not provided, and other income payments during the course of a calendar year.