



**East Carolina University Alumni Association, Inc.
Expenditure Policy**

I. Purpose

This policy offers guidelines for committing and approving expenditures from association funds. Association funds are not subject to the same restrictions imposed on the University's state funds. The intent of this policy is to guide all those who make commitments to spend from association funds or approve those expenditures, and to clarify the process, requirements, flexibility, and limitations associated with spending association funds.

II. Overview

The East Carolina University Alumni Association, Inc., ("the Association") is a North Carolina nonprofit corporation recognized as a tax exempt organization under Internal Revenue Code §501(c)(3). The mission of the Foundation is to "inform, involve and serve members of the East Carolina University ("ECU" or "the University") family throughout their lifelong relationship with the University through the promotion of goodwill and recognition of students and alumni."

The Association has a fiduciary responsibility to protect its resources and spend its funds in accordance with both the intention of its donor and the mission of the University. All Association officers and University employees are responsible for the prudent appropriation and use of the Association's resources and assurance that expenses incurred and submitted will be ordinary, necessary, and reasonable.

The Association utilizes the University's accounts payable system and its financial services staff to process all accounts payable. This process does not subject Association funds or expenditures to limitations or restrictions specific to state funds.

All reimbursements to University employees, whether from University funds or Association funds, must be in accordance with the "Accountable Plan" of the University. According to IRS regulations, an organization must have an "accountable plan" for reimbursing employees for business-related expenses on a tax-free basis. This "plan" must apply to all funding sources. Expenses must be reported within a reasonable period of time. The IRS requires that any payments made to employees not in compliance with this policy be treated as supplemental wages and subject to income tax withholding, payment of Social Security, Medicare, and FUTA taxes.

III. Documentation

1. All invoices or receipts must provide an itemized list of expenses.
2. Invoices from vendors must be originals, not a copy. If the original invoice was lost or was never received, a replacement invoice may be used if provided directly from the vendor.
3. The purpose of every expenditure must be clearly documented. This purpose must be consistent with the purpose of the fund, the mission of the Association, and the mission of the University.
4. The IRS has very specific guidelines for documenting travel, entertainment, gifts, and car expenses – (See Internal Revenue Publication 463). Documentation must include: the participants, the location, date, and detail to support the valid business purpose of an expense. If an agenda is applicable, it should be attached.
5. Receipts: It is the employee's or traveler's responsibility to maintain and submit proper expense documentation; failure to do so will require the following support and approval by the employee's supervisor, the President of the Association and or the Vice Chancellor for Advancement.
 - a. Itemized Receipt Unavailable – if a reimbursement/payment request does not include an itemized receipt (particularly common for meals), contact the vendor/restaurant directly to have them regenerate a detailed receipt. If the restaurant is unable to furnish a detailed receipt, go to the vendor's website and regenerate a detailed receipt to be included on the Lost Receipt/Invoice Affidavit form.
 - b. Lost Receipt – for lost receipts, one of the following should be provided: 1) a copy of the bank or credit card statement, with account information redacted, 2) a copy of the cleared check (front and back), with account information redacted, or 3) a written statement signed by the traveler/employee stating he/she paid cash together with a completed and approved Lost Receipt/Invoice Affidavit form.

IV. Approval Process

1. All expenditures from Association funds must be approved by: (1) the designated fund manager, his/her designated representative, or someone with organization code delegated authority in the University delegation hierarchy for AP, and (2) Association Financial Services personnel, in accordance with the Association's Transaction Approval Limits policy (located on the Association's website). For scholarships, disbursements must be approved by the fund manager (no delegation to a representative is permitted).
2. Expenditures from Association funds exceeding a designated representative's limit must be approved by the fund manager within the department or division (not by a designated representative).

3. If, for any reason, the fund manager or the designated Association Financial Services personnel is unavailable to approve an expenditure for reimbursement, it may be approved by their immediate supervisor.
4. Requests for expenditure reimbursements paid directly to a University employee, or direct payments to vendors, for/from which a University employee receives a direct benefit, must be approved by the employee's immediate supervisor or a higher authority within the department or division.
5. If an expenditure is not able to be approved through this approval process, the designated fund manager or the designated Association Financial Services personnel may refer it to higher levels of Association or University leadership for assistance. The first step in resolving any issues with expenditures is for them to be referred to the Financial Manager of Foundations and/or the next level of authority in the department or division.
6. In the event an employee leaves his or her current position, the employee's manager should make every attempt to review and ensure that all outstanding credit card charges and out of pocket expenses are reconciled and properly documented prior to the employee's departure.

V. Payment Process

The Association's Financial Services staff and the University's Accounts Payable department are responsible for processing and paying expenditure payments on a timely basis. Appropriate documentation helps expedite approval and payment. If individuals involved in the approval and payment process reasonably believe requirements set forth in this document have not been met, then such concerns are to be discussed, on a timely basis, by and between the fund manager and the Financial Manager of Foundations.

ProCard charges may be paid using Association funds. All supporting documentation must be uploaded into Works during the reconciliation process in order to use Association funds.

Please note that employee awards must follow the University's payroll process and student awards and scholarships must follow the University's scholarship process.

In an effort to streamline the purchase, payment, and compliance process, personal credit/debit cards and reimbursements should be the last option for payment methods. Please also note, per the University Travel Policy, any personal benefits received while on official business should not be used/retained personally by the employee. This includes rewards, miles, points, or other similar personal benefits – those should be used against future business trips or, in the case of cash rewards, the cash should be remitted to the funding source.

VI. Donor Stewardship

Association officers and University employees who incur or approve expenditures to be paid from Association funds also have a stewardship responsibility to donors to ensure:

- Any expenditure from a donor-restricted fund is in accordance with the purpose of the fund.
- Good judgment is used in determining that the expenditure and its amount are reasonable and prudent. Consider if you would be comfortable with the expenditure and amount being made public, such as in a newspaper?
- Documentation supports that the expenditure advances the mission of the University or the Association.
- The expenditure complies with all applicable IRS regulations.
- The expenditure complies with University policies, exclusive of limitations specific to state funds.

VII. Association Expenditures

The Association may provide flexibility for expenditures incurred in the following areas where payment cannot be made with state funds. Appearance and reasonableness tests should be used for all expenditures from Association funds.

1. **Travel:** Travel policies established by the University apply to all employees or persons seeking travel expense reimbursement. The University Travel Procedures Manual includes items related to travel such as preauthorization, spousal travel, extending business trips for personal travel, rental cars, non-meal tips for taxi/bag handling, and others that will be governed by the University’s policy unless a preapproval has been obtained to otherwise cover the expense. A copy of the approved travel request must be attached for payment or reimbursement. Expense reimbursements for rooms and meals may exceed the per diem rate if they are reasonable for the situation. In those cases, excess per diem should be requested on the travel preapproval request.

While the University travel procedures apply in regards to travel class and fees, any travel expenses exceeding the following require written preapproval from the Association President or his immediate supervisor:

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|---------------------------|---------------------------------------|
| Hotels In State | NC Governmental rate offered by hotel |
| Hotels Out of State | \$200 per night |
| Flights | \$500 per round trip |
| Meals for employee travel | University per diem rules and rates |

2. **Entertainment:** The Association may pay or reimburse expenses for entertaining benefactors, guests, candidates, or other non-University individuals. Entertainment expenses may include meals, alcohol, and event tickets. Alcohol may not be served at official student events. Prudent judgment and reasonableness govern that these expenditures are appropriate for the situation.

- 3. Business Meals:** Employees may be reimbursed for meals if non-University guests are participants in the event. Individual expense reimbursements for University personnel who travel on University-related business are subject to the Travel guidelines set forth in this policy (see item 1 above). Any expenses in excess of \$50 per person and/or more than two alcoholic beverages per person require prior written approval by the Association President, the Executive Treasurer or the Vice Chancellor for Advancement. In rare instances, spousal attendance may be necessary or beneficial for University business. Written preapproval from the Association President or Executive Treasurer must be obtained to cover the expenses related to a spouse/partner's attendance. Failure to obtain proper written approval will result in excess amounts not being reimbursed or will be required to be reimbursed to the funding source if a business credit card was used.

Tips for meals are reimbursable up to 20% of the total cost of the service (including tax). Any amounts that exceed 20% are required to be reimbursed to the funding source unless waived by the President or Executive Treasurer of the Association.

- 4. Event Expense:** Association funds may be used to provide meals and/or refreshments for Association or University-organized public relations and fund raising activities, donor recognition/appreciation events, Association or University-sponsored banquets and ceremonies, and other Association events that engage and serve the alumni of the University. The amount spent should be reasonable and appropriate for the situation. Expenses should be coded to the fund where the related revenue is recorded, if applicable.

Association funds may be used to provide meals and/or refreshments for occasional internal Association events. The function may be an employee appreciation reception, reception, orientation, or annual staff retreats. The IRS clarifies its definition of "occasional" as "not regular or routine", such as routine staff meetings. This should not exceed quarterly. Expenses should be coded to the fund where the related revenue is recorded, if applicable. Expenses for occasional internal Association events should be reasonable for the situation, and as provided by the University Travel Procedures Manual, should be approved by the appropriate Vice Chancellor or his/her designee. See the section regarding the Internal Conference Exclusion in the University Travel Procedures Manual.

- 5. Relocation Expenses:** The University does not normally pay moving expenses for new employees. If it is pre-approved by the Vice Chancellor for the employing division as part of the employment agreement; the agreed-upon amount may be paid to the employee from Association funds when he/she has moved and provided documentation of having paid the related relocation expenses. Any payments for moving expenses in excess of \$15,000 must be approved by the Chancellor and the Board of Trustees.

- 6. Flowers:** Flowers may be purchased for Association or University-organized public relations and fund raising activities, donor recognition/appreciation/stewardship, and Association or University-sponsored banquets and ceremonies. The amount spent should be reasonable and appropriate for the situation.

Flowers may also be purchased for a University employee in recognition of one of the following:

- Birth or adoption by employee or spouse/partner;
- Hospitalization of an employee; or
- Death of an immediate family member:
Immediate family is defined as: spouse/partner, parent, child, and sibling(s).
- A memorial contribution may not be made in lieu of flowers.

The cost is limited to \$75 excluding delivery charges, unless written approval is obtained from the Foundation President or Executive Treasurer.

- 7. Awards/Gifts to Employees:** Achievement and recognition awards may be purchased for University employees. IRS regulations state that employees may accept gifts not to exceed \$25 in value. The award may not be cash or cash equivalent (a gift certificate, gift card, or prepaid tickets). Any awards in excess of \$25 must be reported to Association Financial Services to be included in the individual's Form W-2.

- 8. Retirement Awards/Gifts:** The IRS will allow employee achievement awards that recognize length of service. The award cannot be cash, or cash equivalent (a gift certificate, gift card, or prepaid tickets). The value of the gift can be up to \$25 for every year of service, not to exceed \$400.

IRS guidelines for employee achievement awards that recognize length of service or safety records state that expenditures:

- Cannot be disguised as wages;
- Must be awarded as part of a meaningful presentation;
- And cannot be cash, cash equivalent (gift certificate, gift card, or prepaid tickets), vacation, meals, lodging, theatre or sports tickets, or securities.

- 9. Awards/Gifts to Non-University Personnel:** Gifts may be purchased for benefactors or other University supporters, but the price should not exceed \$75 without written approval by the Association President or Executive Treasurer. The award may not be cash or cash equivalent (a gift certificate, gift card, or prepaid tickets for events not hosted by ECU). Total benefits received in a year in excess of \$600 must be reported on a Form 1099. Due to IRS regulations regarding quid quo pro gifts, gifts/benefits should not be given in exchange for contributions unless prior approval to do so is obtained from the Foundation accounting staff.

VIII. Violations

Violations of this policy can result in expense reimbursements being denied fully or partially. In the event that a vendor is directly billing via invoice or an expense was incurred on a corporate credit card, the purchaser will be required to reimburse the funding source for the expense or excess. Purchasing authority may also be removed by the employee’s supervisor.

IX. Prohibited Expenses

Even though there is flexibility with Association funds, there are some types of expenses and reimbursements that are not allowed. The following provides examples of prohibited expenditures:

- Expenditures that are for personal benefit, like brief cases or regalia.
- Fines incurred while on University business: parking, towing, or traffic violations.
- Parking permits for University employees.
- Contributions to charitable or non-profit organizations unless there is a programmatic relationship that is approved by the Association President or Executive Treasurer.
- Gifts or food for employee birthdays or for “going-away” parties when the employee is changing jobs.
- Gifts that are represented as being from an individual, instead of being from the University, or the Foundation, or one of their units.
- Expenditures that create the appearance of being extravagant or lavish beyond the appropriate Association or University purpose.
- Political contributions.

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 Heath Bowman, President
 East Carolina University Alumni Association, Inc.

Date: 1/4/2018

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 John Israel, Chairman
 Board of Directors
 East Carolina University Alumni Association, Inc.

Date: 12/29/2017

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 Jason Tomasula, Treasurer
 Board of Directors
 East Carolina University Alumni Association, Inc.

Date: 1/4/2018

Approved December 1, 2017