

Expenditure Policy & Procedures

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| Policy Title: | Business Expenditure Policy & Procedure | | |
| Policy #: | 4.14 | Effective Date: | TBD |
| Responsible Department: | Finance | Cross Reference: | NA |
| Approved by: | CUF Exec. Leadership Team | Policy Owner: | CFO & Treasurer |

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About CUF

The Clemson University Foundation, chartered in 1933, is an independent, not-for-profit 501(c)(3) organization that promotes the welfare and future development of Clemson University.

Mission

The mission of the Clemson University Foundation is to support Clemson University by promoting growth and stewardship of resources entrusted to us which fulfill our covenants with donors.

Vision

The vision of the Clemson University Foundation is to be a long-term, stable, and significant provider of resources in supporting Clemson University's goals.

Values

In all we do, the Clemson University Foundation will conduct itself with the strictest adherence to the following core values: Integrity, Transparency, Accountability, and Donor Focus. The Foundation is committed to lawful and ethical behavior in all its activities and requires that its directors, employees, and consultants conduct themselves in a manner that complies with all applicable laws and policies.

The Foundation has a fiduciary responsibility to protect its resources and to ensure that expenditures comply with donor-imposed restrictions, do not jeopardize the financial status or tax-exempt status of the Foundation, and are prudent uses of the resources of the Foundation. Any spending policy or procedure not specifically addressed herein shall follow the spending policy of the University.

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Approval and Revisions of Policy

This policy is maintained by the CFO & Treasurer's office of the Foundation. An annual review shall be conducted no later than March of each fiscal year. It is anticipated that modifications to this policy based upon the annual review will be effective at the beginning of the following fiscal year when practical. Nothing within this section or Policy shall prevent modifications to this Policy at any other time of year with any necessary effective date of such modification.

Modifications and recommendations are presented to the Executive Management Team of the Foundation in addition to the Vice President of the Foundation (also serving in the role as University Vice President for Advancement) for review and final approval.

Revisions to this policy will be updated immediately upon approval and the most current up to date policy will be published on the Development Intranet and distributed to the University's Office of Procurement. Individuals are responsible for using the most current policy.

Purpose of Policy

The purpose of this policy is to establish guidelines for when CUF will fund travel and business expenses of an employee when conducting business and using Foundation (Fund 50) funds. This policy sets forth allowable Expenditures, reimbursement for expenses, and approval processes and requirements.

The Foundation, as a non-profit organization, is charged with the prudent and responsible management of donor gifts. Most revenue generated at the Foundation is directly or indirectly generated from donor gifts. This policy is driven by the balancing of two purposes: 1) responsible use of donor contributions; and 2) the needs of the organization for operations and for fundraising efforts for the benefit and support of Clemson University.

Expenditure Requirements Basic Requirements

All Expenditures must meet the four following basic requirements. The use must:

1. be reasonable and benefit the University.
2. fall within the donor's intent for the gift.
3. not jeopardize CUF's tax-exempt status; and
4. comply with all applicable statutes and regulations.

Who Must Comply

All CUF personnel, agents of CUF, or individuals making purchases with CUF funds (Fund 50), including individuals at CUF, the University, affiliated entities, as well as any non-employee making purchases with CUF funds. This includes, but is not limited to, purchases made with a corporate card, purchase orders, payment requests, and direct reimbursement. Purchases using Funds 22 and 23 must follow Clemson University procurement guidelines.

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Definitions

Clemson University – includes Clemson or the University.

Clemson University Foundation – includes CUF or the Foundation.

Concur – the University’s and Foundation’s travel and expense reimbursement system.

CUF Funds – include accounts, cash, and dollars used for the purchase of goods, services, or other Expenditures.

Expenditures – the use of any Foundation funds through various means, including but not limited to, direct purchases from CUF funds; University expenditure of funds and reimbursement from Foundation funds; or direct purchase by a Policy User and subsequent reimbursement.

Executive Management/Leadership Team – of the Foundation includes the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the Chief Technology Officer (CTO), and the AVP of Operations. That of the University includes the Executive Vice President and Chief Operating Officer of Finance and Operations and Chief of Staff for the Office of the President.

Individuals – those that are subject to this policy through the use, expenditure, or reimbursement requests related to the use of Foundation funds.

Meals – includes food and beverages.

Reasonable Expense – an expense that is ordinary and reflects a prudent decision to incur the expense on behalf of Foundation or University business.

Restricted Fund – a voluntary donation (either for current use or endowment) that requires funds to be used for a specific purpose.

Types of Funds:

Donor Restricted Funds – All Expenditures made from donor designated, also known as donor restricted funds, must adhere to the specific fund’s restrictions in addition to this Expenditure Policy, unless the fund allows otherwise. All University colleges and departments are encouraged to establish sound procedures to manage spending on donor restricted funds to comply with the terms and conditions of the fund.

Unrestricted Funds – any Expenditure from unrestricted funds, whether through a specific donor designated fund or allocated through budgetary allotment must adhere to this Expenditure Policy.

Volunteers – Board members, independent contractors (including consultants), and volunteers are treated as employees for purposes of this policy and subject to these restrictions. If an individual is both a volunteer, board member, or independent contractor, and additionally a donor, they must be treated as an employee regarding the restrictions of this policy if the expenditure is related to their role as a volunteer, board member, or independent contractor.

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Reimbursement Procedure

Time for Submittal

Pursuant to IRS guidelines, reimbursements for travel, entertainment, or other expenses paid by employees must be reported within sixty (60) days after either the expenses were paid or the date of return from travel. Transactions that fail to comply may be treated as taxable income and processed through payroll. Expense report and all supporting documentation must be submitted to the traveler's approver within the designated time to avoid having employee reimbursement reported as income.

Purchase of goods or services

Individuals are discouraged from directly purchasing goods or services with their own personal funds that will require reimbursement for said purchase. Whenever possible, and when using CUF funds, individuals should purchase goods and services from CUF or University preferred vendors to reduce the administrative burden, maximize the Foundation's buying power, and exercise prudent management of donor gifts.

How do I pay?

- I. Direct Pay via CUBS/Peoplesoft
 - a. Goods and Services purchased directly from the Vendor.

- II. Direct Personal Reimbursement via Concur
 - a. Travel.
 - b. Expense reimbursement when exception approved.

- III. Foundation Corporate Card - are distributed to a limited number of Clemson University Development and Foundation employees.
 - a. Travel.
 - b. Goods or Services.
 - c. For additional details see the Foundation's *Corporate Credit Card Use Policy & Procedure, #4.02*.

Approvers

Any disbursement of Foundation funds requires:

- A. That the Individual submitting the Expenditure acknowledges the purchase and receipt and certifies that the purpose and cost are reasonable and allowable.
- B. The Individual's direct supervisor or department head approves the Expenditure.
- C. Budget office or business officer approval (for budget and policy adherence).

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Fiscal Year Submittal Required

Vendor invoices for goods and services received through the current fiscal year must be charged to the same fiscal year and approved prior to the fiscal year end closing schedule set by the University Controller's Office and/or the Foundation.

Documentation of Expenditure

Invoices and itemized receipts are required for all Expenditures. Handwritten receipts and invoices must contain the vendor's name, address, and signature. Electronic copies of invoices and receipts (not credit card statements) are acceptable. For missing receipts, an affidavit may be submitted via Concur.

Allowable Expenditures Policy

CUF will reimburse for allowable, reasonable, properly substantiated expenses that are necessary and appropriate in the conduct of business. All travel and business Expenditures must meet the IRS rules to be excluded from the recipient's gross income. Travel and business Expenditures paid by any method must comply with this policy.

This policy is intended to address the most common travel and business Expenditure scenarios. Where unusual circumstances arise, the spirit of this policy, along with good judgement, must prevail.

The Foundation expects Individuals to make sound and ethical purchasing decisions that will ensure the continued and efficient operation of the Foundation and the prudent use of donor contributions.

This is an affirmative policy meaning that only Expenditures specifically described within this policy are allowed. Certain Expenditures are strictly prohibited and detailed within this policy to avoid IRS violations, taxability to the individual, or violations of self-dealing regulations.

Exceptions

Exceptions to this policy should be rare and truly exceptional. Any Expenditure that is requested that is not described within this policy will be considered an exception and should be approved as stated below. Any exception to this policy must be approved via email by the CEO and the CFO, unless the exception is requested by the CEO or the CFO. The CEO shall have final authority over all exceptions.

In the event an exception to the Expenditure Policy is requested by the CEO, it must be approved by both the CFO and the AVP of Operations. In the event an exception to the Expenditure Policy is requested by the CFO, it must be approved by both the CEO and the AVP of Operations. All exceptions that are equal to or greater than \$10,000 may require additional approval from University senior leadership.

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Travel Expenditures

Business Purpose and Justification

Requests for travel Expenditure must contain justification and the business purpose, as well as dates and times of travel. The time the traveler begins and ends the trip is required to calculate proper *per diem* or allowable Meal reimbursement. If travel is for a conference or professional meeting, a conference agenda or meeting itinerary must be provided.

No reimbursement for overnight accommodations will be made if the location of travel is within twenty-five (25) miles of the individual's official office headquarters and/or home residence.

Airfare

Travelers are encouraged to plan their travel as far in advance as possible to avoid premium airfare pricing and to obtain the lowest available airfare that reasonably meets business travel needs. An effective practice is to book travel as far in advance as possible when plans become firm. Travelers are expected to select the least expensive airfare within the main cabin class (e.g. economy, coach) that is consistent with business requirements. Knowing that commercial airlines vary in their ticketing structures, CUF considers "*the least expensive airfare within the main cabin class (e.g. economy, coach)*" to include the following: seat selection and checked luggage. A preferred seat location may be selected, with reimbursement limited to no more than \$30 over the base price of the ticket. In-flight wi-fi is allowable when necessary to complete necessary business.

An upgrade for preferred seating (extra leg room) to a less-than-first-class ticket (e.g. business class) is allowed only if an individual flight exceeds 4 hours. Exceptions to this policy must be requested in advance and will be considered only in unique or medically necessary circumstances.

Reimbursement for luggage is limited to one checked bag and to carry-ons in which the employee must pay for on the flight. The Foundation will reimburse individuals who are considered frequent travelers for Travel Security Administration (TSA) pre-check enrollment fees if approved by the University Vice President of Advancement.

Individuals will not be reimbursed for flight insurance without a prior exception approval from CUF's CEO or CFO. Written documentation of the approval is to be included with a reimbursement request.

Lodging

Reimbursable lodging expenses include the cost of the room, applicable resort fees and taxes, internet fees, and hotel/valet parking. As a guideline, it is recommended that travelers use the lodging rates set by the [GSA when planning](https://www.gsa.gov/travel/plan-book/per-diem-rates/per-diem-rates-results/) travel accommodations. <https://www.gsa.gov/travel/plan-book/per-diem-rates/per-diem-rates-results/>

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Mileage

Mileage will be reimbursed at the per mile rate established by the IRS, which is currently seventy cents (\$0.70) per mile. Employees have the option of using a rental car over his/her personal vehicle. Rental vehicles should be utilized for longer trips (>400 miles one-way).

Rental Cars, Taxis, Ride Shares and Car Services

It is encouraged that vehicles are rented using the Clemson University contract vendor(s), currently National Car Rental and Enterprise Rent-A-Car. The Clemson University contract provides set rates for business use and will be honored at all National Car Rental and Enterprise Rent-A-Car locations globally.

The account number will be provided to the traveler by request. The traveler should secure a car that is appropriate based on the circumstances under which the business trip occurs such as transporting senior University leadership, board members, donor prospects or other distinguished guests.

When signing a contract for a rental vehicle, decline liability insurance coverage offered by the rental car agency. If an accident occurs, report to the appropriate authorities (as applicable), provide your own insurance information and report to CUF Executive Management as soon as possible and prior to returning the rental vehicle to the rental agency.

Taxi fares and/or ride shares must include pick up and drop off locations along with the business purpose of the trip (example: airport to hotel). Taxi fares and/or ride shares that are not business related are not allowed. The Foundation will allow gratuities up to twenty percent (20%) of the cost of the fare.

Use of a ride share/car service is allowed only if rates are comparable to that of general taxi services for the location. Exceptions require an explanation of business purpose. Other transportation, such as subway, train, and metro fares, must include the business purpose of the expense.

Meals & Incidental Expenses (M&IE)/Per Diem

An individual may receive a *per diem* reimbursement while in overnight travel status upon completion of a trip and filing of an expense report. Allowance amounts for food and incidentals are dependent on the location and the Meal as set by the General Services Administration (GSA).

For example: Standard per diem rates for SC (all locations without specified rates) are currently as follows:

- \$13 for breakfast
- \$15 for lunch
- \$26 for dinner
- \$5 for incidental expenses

Reimbursements will be allowed up to 75% for the first and last day of travel of the total Meals and incidental expenses. For expense reports entered in Concur, *per diem* rates are automatically populated based on travel destination.

A traveler may not claim *per diem* nor be reimbursed for any Meal that was made available at a conference, event, or paid for by a third party. Also, a traveler cannot claim M&IE for another traveler.

If a traveler has food allergies and cannot eat the meal that is provided by the conference, they may claim the lesser of per diem for that meal or be reimbursed for the meal with a receipt.

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Business Practice/Operational

Entertainment

“Entertainment” includes, but is not limited to, theaters and sporting events as well as the furnishing of food and beverages (Meals) at restaurants or other similar places. Expenditures for Entertainment are allowed when incurred for a justified business purpose and meet the General Provisions for Expenditures as described above.

Entertainment expenses that are unusual in nature which include, but are not limited to, ski lift tickets, show tickets, extravagant Meals, golf outings, and cruise excursions require exception approval as detailed within this policy prior to purchase or discussion with the recipient. The written approval must be attached to the payment request or supporting documentation for the Expenditure when submitted. The IRS will securitize any Expenditure considered “lavish” and great care should be taken to minimize such spending.

Business Meetings and Meals

Business meetings are gatherings generally including only employees (CU, CUF & affiliates), where a bona fide business purpose exists.

Expenditures for business Meals between employees should be infrequent, not regularly provided, and not routinely consumed. An agenda, when possible, should be included with expense documentation.

Business Events and Meals

Expenditures for business events and gatherings that promote camaraderie or build morale and are infrequent and non-discriminatory (open to all employees in a work group) are allowed. These include, but are not limited to, business retreats, retirement events, calendar year holiday parties, staff recognition events and other organization wide events and should be limited in number.

Business events should generally occur during normal business hours and be in a facility accommodating to the event purpose. This generally does not include theaters, restaurants, or other locations not conducive to carrying on a business purpose.

Entertainment and Meals

Meals with a business purpose to entertain, engage, cultivate, or steward a donor, prospect or other business-related non-employee are reimbursable.

All requests for Expenditures of entertainment and Meal expenditures must include an explanation of the business purpose, date, location and list of attendees and relationship of those attending.

Alcoholic beverages may be included with entertainment Meals if it meets the customary and reasonable standard for expenditures incurred while conducting Foundation or University business.

Entertainment Meals for donors, prospects and non-employees should generally not exceed \$100 per person, excluding tips and taxes. In cities deemed high costs, Meals should not exceed \$150 per person. Entertainment Meals exceeding the limitations noted require additional justification explaining the necessity for exceeding the limitation and the potential benefit to the University or Foundation. Gratuities up to 20% of the total cost of the Meal are an allowable Expenditure. When gratuities are automatically

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added to a bill, an additional tip above the service is not permitted if it exceeds the 20% threshold.

Spousal Expenses

Allowable Expenditures must be attributable to the Individual submitting the Expenditure. Expenditures for employees' spouses are generally not allowable unless the occasion requires their attendance. The presence of the spouse *must be essential (not just beneficial)* to the Individual being able to conduct the business purpose. An example of an allowable spouse Expenditure is payment for a Meal whereby the guest spouse also attends.

Gifts and Accommodations for Donors and Non-employees

Gifts, excluding lodging, are permitted to cultivate and engage donors or prospects. Gifts should be given on behalf of an Advancement or University department and no specific individuals. The two scenarios in which a donor or prospect would receive a gift are below. Lodging expenses, in the process of cultivating or stewarding donors, are not an allowable Expenditure.

1. *Quid Pro Quo*: Connected to or “in consideration for” a specific contribution – According to the IRS, currently this may not exceed the lesser of 2% of the donor’s gift or \$111 (adjusted annually for inflation). If the value does exceed these amounts, it must be treated and reported as a *quid pro quo* to the donor.
2. Not connected to a specific contribution – All other gifts where the donor is not expecting anything in return for making a gift should not exceed a cumulative amount of \$500 annually.

Accommodations for volunteers, such as out of pocket travel expenses, are not subject to this limitation when they are conducting approved business on behalf of the University or Foundation. These expenses should be treated the same as detailed within this Expenditures Policy.

Gifts to Board Members

Pursuant to IRS guidelines, board members are treated as “employees” when receiving certain transfers, which include gifts/payments in appreciation or recognition of service on the board, services rendered, or for volunteer board participation. Once gifts to board members or cash payments, gift certificates or any type of cash equivalent exceeds \$600 per individual board member per calendar year, it should be reported as non-employee compensation for non-officer board members and a Form 1099-NEC should be provided and filed with the IRS.

Certain items will be considered *de minimis* according to the IRS and not included in the \$600 threshold calculation for a 1099. For volunteer board service, CUF will follow the rules of *de minimis* benefits for taxable income that is applied to an employee/employer relationship. Some common examples of *de minimis* benefits under the IRS regulations include:

- Occasional use of employer’s copy machine.
- Occasional parties, group Meals, or picnics for employees and their guests.
- Traditional birthday or holiday gifts of property (not cash) with a low fair market value (ex. a coffee mug).
- Coffee, doughnuts, soft drinks, local telephone calls.
- Flowers, fruits, books, or the similar provided to employees in special circumstances (i.e., illness, outstanding performance, family crises).

Cash and cash equivalents (i.e., gift cards etc.) are never considered *de minimis*.

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Any expenditure that is considered “lavish” by the IRS with no specific business purpose could present a taxable event for the board member or result in the board member receiving impermissible benefits.

Events

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

Accordingly, tickets may be provided to prospective donors and invited guests of the University or Foundation and their immediate family members. Use of tickets by University or Foundation employees is prohibited except when the employee is accompanying a prospective donor or invited University guest; or if the ticket is considered a *de minimis* benefit per the IRS.

Bulk Gift Purchases

Bulk gift purchases are items purchased in bulk for the disbursement to prospects for cultivation or similarly related purposes and include a shipment of more than 25 of the same or similar items.

For bulk gift purchases using Unrestricted Funds, recipient information is required to be tracked (Recipient name; date received; item received) and submitted to the Foundation’s CFO’s office twice annually, on January 15 (for July 1 – December 31) and on July 15 (for January 1 – June 30).

For bulk gift purchases using restricted gift funds, and where the Expenditure is allowable under the donor restrictions, the Dean of the college accepts responsibility for the collection and maintenance of recipient data for the specific bulk purchase.

Gifts to Employees

The IRS Regulation regarding employee fringe benefits controls gifts to employees.

Non-cash gifts, prizes, and awards provided to employees will be treated as taxable compensation subject to withholding and FICA tax rules. The tax code allows an exclusion of *de minimis* fringe benefits.

Certain benefits are treated as taxable compensation regardless of the amount. Cash and cash equivalents (i.e., gift certificates, gift cards) are always considered taxable income to the employee when paid for by the employer and therefore may not be given to employees or paid for from CUF funds.

Flowers, gift baskets, or memorial gifts in lieu of flowers (at the request of the bereaved family) may be sent on behalf of a department to an employee or employee’s immediate family member for sympathy, get well and birth or adoption congratulations, restricted to a maximum value up to \$175 per Expenditure. Immediate family is defined as the employee’s spouse, domestic partner, parents of the employee or spouse, child, stepchild, stepparent, and siblings.

Gifts for retirement or resignation after 5 years of service are allowable but restricted to a maximum value of \$400. The IRS generally allows for non-cash items up to \$400 in value to be given for retirement gifts to employees with no tax consequences to the recipient.

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Relocation/Moving Expenses

New employees are eligible for reimbursement if included in the terms of the initial employment as documented by the employment offer with approvals of the supervisor and division budget officer.

Expenditures for reasonable and necessary expenses related to moving and relocation, with receipt documentation, is allowable up to \$5,000.

Reimbursement for moving and relocation expenses are paid through payroll and included in employee paycheck/direct deposit. The reimbursement is subject to applicable withholdings for FICA, Federal and State taxes.

Unallowable Expenses

All disbursements must have written justification detailing the business purpose suitable for auditing purposes, and must not be for:

- Political or charitable contributions, dues to social clubs, fines, or penalties, whether direct or indirect;
- Personal benefit to the payee;
- First class travel; or
- Lavish or extravagant entertainment.

Foundation funds, which include general development or discretionary funds, are strictly prohibited from being expended for any of the below activities or purposes.

- Gift cards.
- Chartered/private flights (non-CU fleet)
- In-room or in-flight movies.
- Health club/Airline club memberships.
- Fines – Moving or non-moving violations.
- Late fees, Finance charges, ATM/Cash Advance fees.
- Parking Decals for University or Foundation employees.
- Cost of commuting between home and the primary work location.
- Childcare costs, babysitting, house-sitting, or pet-sitting/kennel costs.
- Costs incurred by traveler's failure to cancel travel or hotel reservations in a timely fashion.
- Loss or theft of travel advance money, baggage, personal funds, and other personal property.
- Airport valet parking fees, unless no self-parking is available or if valet parking is necessary to obtain the lowest cost parking while an employee is away from his/her official workstation.
- Any personal clothing and accessories, rental of formal wear, or laundry and dry-cleaning services.

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- Gestures of goodwill, including but not limited to, birthday parties, birthday gifts, and baby showers.
- Personal insurance costs such as life insurance, business travel accident insurance and/or personal automobile insurance.
- Contributions to political parties or to other political activities, and contributions and/or subscriptions for publications or other materials designed to promote political appointments or similar objectives.
- Personal recreation (unrelated to business activity/function), amenities such as in-theater movies, in-room bars, or entertainment such as greens fees, sightseeing fares, theater tickets, etc.