

VIII. Expenditures

A. Account Administrator Responsibilities

1. All transactions are appropriate, reasonable and conform to the account's purpose. Account administrators are expected to thoroughly understand and comply with the restricted purposes of their accounts.
2. Accurate and complete source documents and supporting documentation are provided. Each request for payment must have sufficient documentation to clearly indicate the benefit to the university
3. The account is managed so that expenditures and encumbrances do not exceed the available cash in the account at any time.

B. General Expenditure Policies

1. It is important to remember that funding for Foundation accounts comes from donors. It is the goal of the Foundation to be completely transparent to donors regarding the use of funds.
2. Use of funds must be reasonable and appropriate, not lavish or extravagant in order to meet the intent and spirit in which contributions are made.
3. Use of donor funds must be scrutinized carefully.

In the course of spending Foundation funds, consider these questions to ensure that resources are being used appropriately and that the Foundation are being good stewards of the funds entrusted to us:

- a. Is the expenditure in line with the guidance provided in this document?
 - i. If not, is there a good explanation as to why the expenditure is appropriate?
 - ii. Has it been adequately documented?
- b. Would the donors find the use acceptable?

- i Would the donors have made the contribution if they knew in advance for what and how much would be spent?
 - ii If all expenditures were made public, will the benefit to the University be evident?
 - iii Would you be comfortable explaining to a donor that you used his/her money this way?
 - c. Could the amount spent be comfortably defended under public scrutiny?
 - i Would you be free from worry if the expense was selected for audit?
 - ii Would you be comfortable reading about it in the newspaper?
- 4. Of particular concern are enrichment, advancement, and discretionary accounts. These types of accounts are established with broad statements of purpose which allow for a variety of expenditures in support of the particular unit/program/project. The broad intent is helpful to ensure the maximum benefit to the unit, but it requires a higher level of responsibility to insure funds are prudently used to advance the work of the department and NOT for the personal benefit of individuals.
- 5. The university unit has the primary responsibility for ensuring expenditures are made in accordance with the donor's intent.
- 6. The Foundation, as a tax exempt organization, will determine in its sole discretion whether to reimburse, not pay, or to reduce payment requests for expenses which appear unreasonable, unjustified, lavish or extravagant or inconsistent with donor's intent.
- 7. Some expenditures, especially meals may be subject to additional approvals.
- 8. The Foundation can make payments to university employees for reimbursement of expenses. The Foundation cannot make payments directly to a University employee for any item that is construed to be wages for IRS purposes. In these cases, the university must make the payment to the employee and then Foundation funds can be used to reimburse the university.

C. Requests for Payment

1. Time Limits
 - a. Reimbursement requests should be submitted to the Foundation's Fiscal Office within ninety days of the transaction.
 - b. Requests submitted six (6) months after the transaction require written justification as to the reason for the delay and may not be reimbursed.
2. Complete and submit the UHF "**Check Request Form**". Include the following which are discussed in more detail below.
 - a. Business purpose.
 - b. Documentation of expenditures.
 - c. Authorized approvals.
 - d. Documentation of quotes. Purchases over specific amounts require documentation of verbal or written quotes.
 - e. Other documentation. Different types of expenditures require additional documentation. A summary (see Section H) is provided for these types of expenditures, the forms required, the reason for the additional requirements, and the policy section for further information.
3. Purchase Orders
 - a. In some situations the account administrator may choose to use a purchase order or a vendor may require a purchase order before providing goods or services.
 - b. Complete and submit a UHF "**Requisition for Purchase Order**" with authorized signatures. Include the following which are discussed in more detail below.
 - i. Business purpose
 - ii. Authorized approvals
 - iii. Documentation of quotes. Purchases over specific amounts require documentation of verbal or written quotes.

- c. Purchase orders are generally issued two days after the requisition is received, provided all documentation is in order.
- d. A copy of the purchase order will be returned to the account administrator for use as a receiving report.
- e. Once goods or services have been received, the receiver must sign and acknowledge receipt of goods on the purchase order and resubmit paperwork to the Foundation's fiscal office.
- f. If the actual amount of the invoice is the greater of 5% or \$100 more than the purchase order amount, the account administrator's approval will be required before payment can be made except for reasonable changes or modifications to taxes, shipping charges or insurance.

D. Business Purpose

1. All requests for payment must have thorough written justification that clearly identifies the business purpose in such a manner that the benefit to the university is evident.
2. The importance of properly documenting the business purpose of the expenditure as proof of its propriety and reasonableness cannot be overstated. The business purpose must be documented in writing with as much specific information as necessary so the benefit to the university is clearly understood.
3. Even though in some cases the business purpose is implied. It must be specifically documented to receive favorable tax treatment.
4. The purpose and amount of the expense must demonstrate good judgment.

E. Documentation of Expenditures

1. Documentation must include the date and amount of the expenditure.
2. Meals/entertainment. Provide the names of individuals, titles (use a description such as "donor" or "prospect" if appropriate), and business affiliation.

- a. It will not be necessary to provide the names of attendees at a, meeting/reception if only refreshments are served. However, please submit the notice of the meeting, invitation, or agenda with the request for disbursement.
3. Original invoices or itemized receipts are required for all amounts over \$10. Copies may be submitted only for partial payments. Acceptable receipts include:
 - a. Vendor-provided receipts including airfare/rail receipts, hotel folios and car rental receipts.
 - b. Cancelled checks (if copies, include back and front).
 - c. Credit card receipts if detail of purchases are listed.
 - d. For meals, include the detailed receipt as normally supplied by the restaurant. This would be the receipt the restaurant would provide if the meal was paid for in cash. A credit card receipt without details is not sufficient.
 4. Electronic Receipts
 - a. Supporting documentation for on-line booking or purchases over the internet needs to include evidence that the transaction was concluded . Detailed below are the minimum requirements for an electronic receipt to be acceptable as proof of purchase.
 - b. Airline e-tickets
 - i. Passenger name.
 - ii. Issue date and ticket number. A ticket number on the receipt indicates that a ticket has been purchased.
 - iii. Itinerary or routing.
 - iv. Total payment amount and payment type.
 - c. Hotel
 - i. Name and address of hotel.
 - ii. Guest name(s), number of guest(s) and number of rooms.

- iii. Check in and out dates, number of nights and price per night.
 - iv. Date paid, total amount paid and payment type.
 - d. Conference registration fees
 - i. Name of registrant.
 - ii. Name and dates of conference.
 - iii. Date paid, total amount paid and payment type.
 - e. Other Miscellaneous Purchases
 - i. Name and address of vendor.
 - ii. Date purchased.
 - iii. Itemization of items purchased.
 - iv. Total amount paid and payment type.
 - v. Document needs to include evidence that the transaction was completed.
- 5. Missing invoices/receipts; Credit Card Slips Without Detail
 - a. The Foundation stresses the importance of retaining receipts for an accurate accounting of expenses, but understands there are rare instances where original receipts cannot be obtained or are lost.
 - b. A **“Missing Receipt Affidavit”** must be signed by the claimant with a complete explanation of the expense and the reason for the missing receipt. Some other form of documentation may be required for certain types of purchases.
 - c. For missing airline receipts, the affidavit must be accompanied by a copy of the itinerary and one of the following:
 - i. Credit card receipt or credit card billing statement.
 - ii. Cancelled check or other record of payment.

- d. The use of missing receipt affidavits, rather than original receipts, may cause the processing of reimbursement requests to be delayed or denied depending on the situation. If a high frequency of missing receipts develops, the Foundation reserves the right to halt payment of future expenditure reimbursements until the issue causing such a situation is resolved.

F. Approvals

1. Requests for disbursement or transfer of funds over \$250 require the signature of two account administrators. A second authorized signer must countersign payments to an account administrator, regardless of the amount.
2. In requesting payment of expense, the account administrators and UH/RCUH/UHF employee who is being reimbursed must certify the expenditure/reimbursement is in line with the purpose of the account and complies with the University of Hawai'i Foundation account policies, supports bona fide University activities, and does not provide any direct or indirect personal benefit.
3. In some circumstances a dean, director, or higher signature will be allowed as a secondary signer. However, at least one account administrator must sign in approving the payment.
4. In addition, payments made directly to an account administrator over \$250 must be approved by two parties other than the account administrator being reimbursed. This may be two other account administrators or a fiscal officer, supervisor, or department chair or higher even if they are not an account administrator.
5. Expense reimbursements made to Deans, certain Directors and higher will need to be approved by their supervisor, in addition to the account administrators. The supervisor's signature will be required in accordance with the following:
 - a. Higher level approval is required for all meal and entertainment expenses with others regardless of amount.
 - b. Higher level approval for non meal and entertainment expenses is required if the reimbursement request is above \$150. The submission of multiple check requests to circumvent this requirement is not allowed.
 - c. Higher level approval is not required for travel per diem expenses.



G. Documentation of Quotes for Goods or Services \$4,000 or More

1. Payment for goods or services in the amount of \$4,000 to \$15,000 requires at least three verbal quotations or sole source justification. Document the verbal quotes and submit a written quotation for the vendor selected when submitting a requisition for a purchase order or a request for payment.
2. Purchase of goods or services \$15,000 or more require three written quotations or sole source justification, which must be submitted together with the requisition for a purchase order or the request for payment. You can document verbal quotations and sole source on the **“Record of Sole Source and Verbal Quotations”**.
3. For special events, the rationale for using a preferred location may be provided in lieu of a quote or sole source justification.
4. If the lowest quotation is not selected, the justification for the selection should be stated.

H. Reimbursement Timing

1. Requests for checks that are received by Friday will be processed by the following Friday, provided the business purpose, documentation, and approvals are in order.

I. Other Documentation Summary

Type of Expenditure	Form/ Additional Documentation Required	Purpose	Policy Section
Expenditures for goods or services over \$4,000.	“Record of Sole Source and Verbal Quotations” Form	To make sure funds are being spent prudently.	VII F
Meal Expenses	Name, Title, Affiliation of Person Notice of meeting, invitation or agenda	Additional documentation of business purpose	VII I 8
Purchases of furniture and equipment over certain dollar levels	“Transmittal Form for Non-cash Gifts”	To record property in university inventory records.	VIII I 7



Renovations or repairs to a university facility	Written approval from the UH Facilities Management Office	Coordination	VIII I 3
Prizes - \$600 or greater	"Prize Acknowledgement Form"	IRS reporting	VIII I 11
Out-of-state travel	"University of Hawai'i Travel Request Form"	Supporting documentation	VIII I 14
Payment of services to a contractor or individual	"Verification for Payment of Services to an Individual"	IRS reporting	VIII I 12, 15
Payment of services to a university employee	"Verification for Payment of Services to an Individual" Please note payee will be the University of Hawaii	IRS reporting	VIII I 12, 15
Travel reimbursement for Non Resident Aliens	"Certification of Academic Activity for Travel Reimbursement to a Nonresident Alien" Copy of current passport and I-94 Arrival/Departure Form Copy of IAP-66 Certificate of Eligibility for Exchange Visitor (J-1) Status	IRS reporting	VII J 5

J. Types of Expenditures

1. Contributions

- a. The Foundation does not make outright contributions.
- b. Political contributions--Foundation policy prohibits the expenditure of Foundation funds to support a political campaign, a candidate for public office or a political party. This includes fundraisers or dinners sponsored by a committee whose proceeds go to the benefit of a politician or political party.

- c. Fundraising events/tables--Purchases into a fundraising event must be considered carefully. They must have a business-related purpose and meet the following requirements:
 - i. A direct connection to the university must be shown.
 - ii. Examples of a direct connection to the university include, someone from the university is being honored, the purpose of the event is closely related to the university unit, and/or its mission or the event is related to the university's strategic plan.
 - iii. The least expensive table should be purchased.
 - iv. Events where the primary purpose is to "enhance the university's presence in the community" will not be approved.

2. Employee recognition and appreciation activities

- a. Expenses for parties, holiday, and social events are not reimbursable.
- b. Recognition Events

Occasional group events, may be held by a department or work group (such as an administrative team) to celebrate extraordinary individual or group accomplishments, or the retirement or departure of a key, long-term staff or faculty member.

Light refreshments may be reimbursed for such events. To mark outstanding performance, managers may provide a meal. These types of events and occasions should not occur more than once annually.

- c. Service Awards

Generally such awards can be viewed as achievement awards for length of service and therefore are excludable from taxable income to the employee and may be paid directly by the Foundation.

- d. Service Recognition

Meals related to retirement events or an employee leaving a department are not reimbursable except for the retiring individual and their supervisor. Other guests must pay their way. Light refreshments for a group are acceptable for reimbursement for 10 years of service or more. For less years of service, a Dean or higher must approve the event.

- e. The Foundation cannot make payments directly to a university employee for awards and prizes for outstanding performance or achievement. The Foundation discourages cash awards and gift cards/certificates for any amounts because the IRS considers them to be taxable income to the recipient. Therefore, if the recipient is a university employee, the cash payment must be made by the university. The university unit may request reimbursement from an appropriate Foundation account. If it is a gift certificate, then it is considered taxable to university employees. Expenditures of this nature will be reportable to university payroll.
 - f. The department requesting the reimbursement from the Foundation should send an email to the University's payroll office with the following information (a copy of this email with the University's payroll department acknowledgement should be submitted to the Foundation along with the payment request):
 - i. a list of employees,
 - ii. each employee's Social Security number,
 - iii. each employee's department,
 - iv. amount and
 - v. short description of the item.
 - g. The department needs to notify the employees that it will be included in their W-2.
 - h. Awards of tangible items of \$25 or less (except cash and gift cards/certificates) are considered de minimus and may be paid directly from a Foundation account.
3. Facilities renovation

- a. Before payment can be made by the Foundation for renovations, repairs, or additions to university facilities such as those listed below, written approval from the university Facilities Management Office will be required.
 - b. Please contact your unit fiscal officer for university procedures for obtaining the appropriate approval for the following:
 - i. Renovations that involve electrical, plumbing or structural alteration work to a university building, room or other facility.
 - ii. Purchase and installation of certain types of fixtures to a university facility, e.g. carpets, window blinds, signs, air conditioning units.
4. Fines and Fees
- a. Violations that result in fines (parking, traffic or others) or late fees are the personal responsibility of the individual. These expenses will not be paid.
 - i. Credit card annual fees are not reimbursable.
5. Flowers
- a. Flowers may be purchased for business-related activities including the following:
 - i. University organized public relations and fundraising activities.
 - ii. Student orientation, student/parent receptions, and departmental graduations or awards ceremonies.
 - iii. Funeral or illness of an employee, retiree with a minimum of ten years of service at the university, donor, or volunteer of the university.
 - b. The dollar limitation for this type of expenditure is \$150. Amounts in excess of this limit will be deemed a personal expense and will not be paid.

- c. Contributions (“In lieu of flowers”)--The Foundation allows expenditure of funds for flowers sent to a funeral of an employee, a donor or a volunteer of the university. When the family requests that a donation be made to the deceased’s or family’s charity of choice “in lieu of flowers,” an exception to the charitable contribution policy may be made. The gift must be made on behalf of the university and not any one individual or individuals.
6. Fundraising activities
 - a. Development expenses incurred in the course of organizing and conducting activities for the purpose of raising funds or creating “good will” for the university may be paid. Expenses may include meals, refreshments, entertainment and travel. (See the specific sections for travel and meals.)
 - b. See section VII.A. 4. for the requirements when a donor receives something of value in exchange for a contribution.
7. Fundraising events/tables--Purchases into a fundraising event must be considered carefully. They must have a business-related purpose and meet the following requirements:
 - a. A direct connection to the university must be shown.
 - b. Examples of a direct connection to the university include, someone from the university is being honored, the purpose of the event is closely related to the university unit, and/or its mission or the event is related to the university’s strategic plan.
 - c. The least expensive table should be purchased.
 - d. Events where the primary purpose is to “enhance the university’s presence in the community” will not be approved.
8. Furniture/equipment
 - a. All materials, supplies and equipment purchased with Foundation funds are the property of the university.

- b. Certain types of equipment purchases must be reported to the university Property & Fund Management Office for inventory purposes. The “**Transmittal Form for Non-Cash Gifts**” is also used for this purpose and must be submitted together with the request for payment or requisition for a purchase order for the following items:
 - i. Equipment purchases having a useful life of more than one year and an acquisition cost of over \$5,000 per unit.

9. Gifts

When appropriate, funds may be used for gifts for dignitaries and visiting guests. Contact the Foundation’s fiscal office with any questions related to these expenditures. The limit is \$150 for these types of expenditures. No gifts should be made to University employees unless it relates to service recognition as outlined in VIII.J.2.

10. Meal Expenditure Policy

Index

- a. Reasonableness Test
- b. Prior Approval
- c. Documentation of Business Purpose
- d. Meal expenses while traveling on business and in town meals when only employees are in attendance
- e. Business Meals
- f. Alcoholic beverages
- g. Meals in Private Home
- h. Spouse Expense Reimbursement
- i. Frequency of Business Meals

More restrictive policies and procedures may apply to Foundation accounts based on donor restrictions. This guidance applies to all payment types.

a. Reasonableness Test

Meal expenses must be reasonable in amount, appropriate under the relevant circumstances reasonably necessary to the expedient conduct of university business and compatible with the Foundation's status as a publicly supported entity.

b. Prior Approval

To avoid any potential rejections of expenditures, prior approval of questionable expenses should be obtained from the Foundation's Fiscal Office and your supervisor.

c. Documentation of Business Purpose

In general, business must be discussed during the meal or other activity and every person whose expenses are paid for by the Foundation must have a business connection to the activity. Even though in some cases the business purpose is implied, it must be specifically documented to receive favorable tax treatment. This documentation does not require a great deal of explanation. In most cases, a short description will suffice (i.e. discussed new research project, conducted departmental staff meeting, etc.) The Foundation will refuse payment for any meal or entertainment expense for which the business purpose has not been sufficiently documented. For example, "to discuss University/Department issues" will not be considered sufficient documentation. In addition, the Foundation will refuse payment for any meal that is deemed lavish or extravagant.

If business and non-business individuals are entertained at the same event, the Foundation will only reimburse for the business persons at the event. If the expenses for the business individual are not specifically identifiable, it is permissible to allocate the total bill on a pro rata basis for the business persons. Children are not considered business persons at an event and their expenses will generally not be reimbursed.

d. Meals while Traveling on Business and In-town Meals when only employees are in attendance



(These amounts do not apply if the traveler chose to be reimbursed based on per diem rates.)

The following are the per-person expenditure limits for meals established by Foundation policy. **These limits are all inclusive and include, but not limited to, meals, beverage/alcohol, tip, tax, and any other service fees.**

Meal	Per Person Maximum for Meals While Traveling & In Town Meals Between Employees
Breakfast	Up to \$25
Lunch	Up to \$30
Dinner	Up to \$50

In general, the Foundation will not pay for or reimburse costs for meals just between employees within the same department / unit except as provided below. Examples of such events include:

- Meals related to offsite seminars / conferences / retreats.
- When a meeting takes place over an extended period of time and the agenda includes a working meal.
- A meeting where there is a scheduled luncheon speaker.

For meals between employees from different unit departments Foundation policy does not permit reimbursement when two or more employees choose to go to lunch together to continue their business as an incidental part of the meal, when the meal is of a reciprocal nature, or when the meeting could have been scheduled during regular working hours.

The business purpose of meals or light refreshments provided as part of a meeting must be explained on the Check Request form (or electronic equivalent) or substantiated by other documentation (e.g., an agenda) attached to the form.



e. Business meals

Business meals are meals in conjunction with a bona-fide business purpose where payment is made and reimbursement is requested when outside party (in addition to the employee) are in attendance. These limits are in consideration of best practices and benchmarking of other institutionally related foundations and universities.

The following are the per-person expenditure limits for meals established by Foundation policy. **These limits are all inclusive and include, but not limited to, meals, beverage/alcohol, tip, tax, and any other service fees.**

Meal	Per Person Maximum for Business Meals
Breakfast	\$10.00 - \$30.00
Lunch	\$15.00 - \$40.00
Dinner	\$20.00 - \$80.00
Light Refreshments	\$18.00

Notes:

- Reimbursement for a “buffet reception” cannot exceed the applicable meal rate associated with the type of buffet, i.e., breakfast, lunch or dinner.
- The lunch rate may be used to reimburse for a brunch

Amounts in excess of these limits may be permissible based upon circumstances such as the business purpose of the meal, the guests present and other factors. The business purpose write-up and the write-up explaining the need for the exception will be critical.

Meetings involving senior recruitments, visiting dignitaries, donor relations may involve a higher cost. Certain events, particularly those honoring or cultivating donors may fall outside of these guidelines. These special events are not meant to set the style for traditional business meals with vendors and business partners.

The Foundation recognizes that typical meal expenses can range widely depending on circumstances. A breakfast

meeting in a hotel restaurant will be far more expensive than coffee at a local coffee shop. Hence, the above guidelines are presented as a range rather than a single amount.

In all cases, fiscal prudence and good judgment should be exercised.

f. Alcoholic Beverages

The Foundation will reimburse the cost of alcoholic beverages up to a reasonable amount. Prudence should be used in the purchase of such beverages as they may comprise a significant portion of the cost of the meal. **The average cost should not exceed \$25 per person.**

Where applicable the appropriate University forms related to alcohol should be completed approved and a copy submitted with the payment request.

The policy, of course, does not preclude the host from paying out-of-pocket for amounts above this level.

g. Meals in a private home

Such meals are allowed within the overall guidance for business meals. When the meal is provided in a private home, only actual out-of-pocket costs relating to that specific affair (e.g. catering, set up/take down, floral arrangements, rentals, cleaning) will be paid by the Foundation. While the Foundation will pay for these expenditures, the Foundation is not liable for these events, nor are they covered by the Foundation's insurance. Insurance should be procured from other sources for these types of events.

h. Spouse Expense Reimbursement

Reimbursement for spousal attendance at business meals / events is allowed only in a few situations.

Meals provided to a spouse, family member or other person accompanying a University employee will be reimbursed only when there is a substantial and bona-fide business reason for that person's attendance. The IRS does not permit tax-free treatment when the spouse or other person is present merely for a social or personal purpose. It must be shown that the spouse played a "significant role in the proceedings" or made "an important contribution to the success of the event." This type of expense will not be approved without detailed supporting documentation, including an explanation of the Spouse's role or contribution to the event. (e.g., an event or meeting agenda, or a letter of invitation requesting that spouses attend.)

This is in addition to documenting the business purpose of the event. If the spouse's attendance is not business related, a pro rata share of the total expense should be excluded from the expenditure payment.

There are events, however, where spouses or others are appropriate and necessary for building the sense of community. While permissible, such situations should be kept to a minimum.

Examples of business events where spouse attendance would be paid / reimbursed:

- *A University employee provides a meal to a business relation as part of a meeting. The business relation's spouse attends the meeting because it is impractical to provide the meal to the client without the spouse. The spouse of the University employee attends the meeting, because the spouse of the business relation is in attendance. Then, the meals of both spouses will be reimbursed.*
- *Annual University reception for new faculty / chairs / professorships.*
- *Conferences where attendance of spouses or others is customary.*

i. Frequency of Business Meals

Business meals require a significant commitment of time and financial resources. Accordingly, the number of such events should be limited. It would be an extraordinary circumstance for an individual to participate in University business meals on a daily or several days per week basis. Where possible, meetings should be conducted during the remaining hours of the workday.

11. Membership and dues

- a. Dues and fees for institutional memberships may be paid from Foundation funds.
- b. Dues for individual memberships in a professional association may be paid from Foundation funds.
- c. Dues and membership fees for individual membership in civic service or private clubs may be paid from Foundation funds where such memberships are deemed necessary for business purposes and with approval from a Chancellor or higher. However, where any portion of those facilities is used for personal activities, a pro-rata share of the dues or membership fees will be reported as income to the employee in compliance with IRS requirements.
- d. Certification fees or fees for licenses to practice a profession related to the university may be paid.
- e. Membership in airline clubs, e.g., United Airlines Red Carpet Club will not be paid.

12. Moving/relocation expenses

- a. All moving expenses paid to or on behalf of an employee must be reported on the individual's W-2. Therefore, these types of payments must be made by the university. If the funds to cover these expenses are held in a Foundation account, a request for payment form to reimburse the appropriate university account may be submitted together with an invoice from the university to the Foundation or some other proof of payment, e.g. copies of invoices/receipts paid by the university.

13. Office of Research Services ("ORS") Agreements

- a. A University of Hawaii unit/department wishes to pay salary and fringe for UH personnel, or large equipment, etc. from a Foundation account. These types of expenses may require an ORS agreement.
- b. The Principal Investigator (“PI”)/Account Administrator will make a copy of the “**Request for ORS Agreement.**” The memo should have two Account Administrators sign if the amount is \$250 or above. The following information should also be included:
 - i Project Title
 - ii UH Department
 - iii Major Organization
 - iv Location
 - v Project Amount
 - vi Project Period
 - vii Source of Funds (Project Number)
 - viii Purpose
 - ix Email of PI/Account Administrator
 - x Certification that use of funds will be in accordance with purpose of account
- c. Upon receipt, the Foundation Fiscal Office will check for the following:
 - i It is a valid expense
 - ii Proper authorization (\$250 + requires two signatures of Account Administrators and/or follow the signing criteria of each account)
 - iii Availability of funds

- d. Upon receipt, the Foundation Fiscal Office will send an e-mail to the PI/Account Administrator of the applicable indirect cost (IDC) rate and indicate in the e-mail there is a sponsor limited cap.
- e. The PI/Account Administrator will enter the proposal package into *myGRANT* and route the following through the *myGRANT* system for approval in accordance with the standard ORS process:
 - i Completed Proposal Development record in *myGRANT* with the following included as internal attachments in *myGRANT*:
 - (a) Copy of the proposal with a budget
 - (b) Copy of the UHF “Request for ORS Agreement”
 - (c) Copy of the IDC email from UHF to the PI/Account Administrator
 - ii Note: If the Facilities and Administrative (“F&A”) cost is being waived, the amount of the unrecovered F&A cost (as calculated under the applicable standard rate) must be included in the *myGRANT* Proposal Development record.
 - iii Note: The approval of the Dean/Director in the *myGRANT* system will indicate the approval of any sponsor limited cap.
- f. ORS will send the approved *myGRANT* proposal development record to UHF.
- g. The Foundation Fiscal Office will generate a Memorandum of Agreement (MOA) between the Foundation and ORS. If the indirect costs for the project will be reduced or waived, the contract/agreement will specify the IDC rate, and include language stating that the UHF IDC rate is a result of the sponsor limited cap.
- h. The MOA will be routed to the Foundation’s Controller for signature. The Foundation will then send the original and one copy of MOA to ORS, Sakamaki D200.

- i One copy will be sent to the originating department.
 - ii One copy will be placed in the Foundation Fiscal Office's pending files to ensure that it gets executed by ORS.
-
- i. ORS will match the MOA to the approved *myGRANT* proposal development record and commence with normal ORS procedures regarding approval of the *myGRANT* proposal development record, contract negotiation and execution.
 - j. ORS will retain the executed original MOA and return the signed copy of the MOA to UHF.
 - k. When ORS returns the executed copy of the Foundation Fiscal Office, the contract amount will be encumbered to the appropriate project number in IFAS.
 - l. ORS will invoice the Foundation for any expenses it has paid in relation to the ORS agreement.
 - m. UHF will send the invoice to the Account Administrator for verification.
 - n. Upon account administrator approval, the UHF will pay for the expense.
 - o. Extensions to the Project Period and Additional Funds to Agreement requests should be submitted via a new **“Request for Supplemental ORS Agreement.”**
14. Prizes
- a. Merchandise or services with a fair market value of \$600 or more purchased with Foundation funds (or donated) that are given away as a prize at a fundraising event (e.g., door prize at a banquet or prize won at a golf tournament, etc.) are considered taxable income to the winner.



- b. The recipient must complete a “**Prize Acknowledgement Form**” to provide the Foundation with information required for the issuance of IRS Form “1099-Miscellaneous income” at calendar year-end.

15. Salary supplements

- a. The Foundation cannot make direct payments to a university employee that may be considered income for IRS purposes. These types of payment must be made by the university. Please submit the “**Verification for Payment of Services to an Individual**” form, in order for the Foundation to transfer the funds to the appropriate university account.
- b. If the funds must be transferred before the employee can be paid, the Foundation may elect to advance one calendar quarter at a time and may request an accounting of the funds advanced.

16. Subscriptions

- a. Subscriptions should be limited to professional journals and periodicals required as working tools by academic departments or administrative office. Payment requests for subscriptions must be accompanied by the renewal notice or order form showing the price of the subscription. A copy of such documentation is acceptable in cases where the department wishes to send the check with the original form.

17. Travel

- a. It is the policy of the Foundation to pay for necessary and reasonable travel expenses incurred for official university business. In cases where individuals combine university travel with personal travel, the Foundation will reimburse only the portion attributable to university business. This applies to both the per diem and actual expenditure reimbursement methods.
- b. Include an approved university “**Employee Travel Form**” (FMIS-4) with each request submitted for out-of-state travel expenses.

- c. A traveler may select either a per diem or direct reimbursement payment. The traveler will not be able to receive a combination of both. The only exception would be for excess lodging for moderate/budget accommodations.
- d. Direct actual reimbursement
 - i. Hotel
 - (a) Generally, lodging should not exceed the federal maximum allowable rate for the particular location.
 - (b) Excess lodging will require justification.
 - (c) If the hotel where the conference is held, the conference rate offered by the hotel will be deemed reasonable.
 - (d) Charges to the hotel bill, other than room expense and taxes, must be itemized and explained separately.
 - (e) Only the traveler's room charge for single occupancy is reimbursable.
 - ii. Meals
 - (a) Reasonable expenses incurred for meals while traveling on business will be reimbursed.
 - (b) Please see section VIII J.10 for further details related to direct reimbursement.
 - iii. Travelers requesting direct reimbursement will not be given a travel advance. The traveler must submit appropriate documentation for all reimbursable expenses. Other reimbursable expenses include, but are not limited to, parking, taxi fares, mileage, and conference fees.
 - iv. Non-reimbursable expenses include, but are not limited to personal items, mini-bar purchases and in-room movies.
- e. Per diem



- i. A per diem allowance is authorized to cover the lodging, meals and incidental expenses of a traveler. Federal law establishes the maximum per diem rates by location. (Go to IRS website to download Publication 1542.)
http://www.irs.ustreas.gov/basic/forms_pubs/pubs
- ii. Travelers may receive an advance per diem not more than two weeks before the date of travel. If the traveler selects a per diem allowance, the traveler will not receive reimbursement for excess meal costs.
- iii. The per diem will be prorated for partial travel days as follows:

If Time of Departure or Return is:	Per Diem Allowed on Day of Departure	Per Diem Allowed on Day of Return
12:01 a.m. – 6:00 a.m.	1 day	¼ day
6:01 a.m. – noon	¾ day	½ day
12:01 a.m. – 6:00 p.m.	½ day	¾ day
6:01 p.m. – midnight	¼ day	1 day

- iv. A traveler’s per diem shall not be reduced on the basis of meals included in conference programs. But, if the conference meal is an option (at added cost to the registration fee), the meal subsistence will be reduced based on the rates below. In situations where living quarters are made available to the traveler without charge, a meal subsistence allowance will be given in lieu of per diem.
- v. Business meals with others while traveling will be reduced by traveler’s per diem for that day. This applies to all university employees in attendance.
- vi. When traveling with other university employees, a traveler will be required to certify that he/she notified others to reduce their per diem if the traveler pays for a group meal.

- vii. Subsistence allowances are based on the maximum federal per diem meal rates per locality and are established as follows:

Breakfast	20% of per diem meal rate (rounded to nearest \$)
Lunch	30% of per diem meal rate (rounded to nearest \$)
Dinner	50% of per diem meal rate (rounded to nearest \$)

- viii. In situations where travel packages include air, room and meals (e.g., Las Vegas tours), per diem will not be allowed.
- ix. For same day inter-island business travel, the traveler may claim \$20 per diem per day for meals.

f. Airfare

- i. All business-related travel should be done at the lowest available advance purchase coach fare directly to and from the destination.
- ii. The Foundation will generally not pay for first class or business class airfares or airfare upgrades.
- iii. Additional costs resulting from upgrades to business or first class, personal side trips or stopovers must be paid by the traveler in advance.
- iv. Frequent flier benefits may be retained by the traveler, but must not be the basis for selecting airlines.

g. Automobile

- i. Automobile rental is limited to compact or economy vehicles for individuals, or midsize vehicles for three or more employees traveling together.

h. Mileage

- i. Mileage is reimbursed at the standard mileage rate determined periodically by the IRS.
 - i. Personal expenses
 - i. Expenses incurred for traveler's personal benefit, e.g., magazines, movie rentals, spa and other entertainment are not reimbursable. Dry cleaning and laundry expenses may be reimbursed after five consecutive days of business travel.
 - j. Companion
 - i. When a traveler is accompanied on a university business trip by a non-business companion (spouse, family member, etc.), the latter's travel expenses are considered personal in nature and will not be paid.
 - k. Visiting lecturers/speakers, guests of the university
 - i. Foundation funds may be used to bring official guests of the university to campus. Costs of transportation, lodging, meals and necessary miscellaneous expenses are included.
 - ii. The same rules for travelers on university business apply to travel expenses paid by the Foundation for visiting lecturers/speakers and guests of the university.
 - iii. Expenses of spouses of official guests to the university may be reimbursed; however, unless the spouse's attendance is mandatory and necessary to the university (this would need to be demonstrated), the expenses will be considered payment for services rendered to the guest and an IRS "Form 1099 Miscellaneous Income" form will be issued at calendar year-end.
 - iv. The visiting lecturer/speaker, guest's social security number must be obtained.
18. Services rendered
- a. Employees

- i. The first step in processing payment for services rendered is determining whether the individual is a current employee of the university or if the individual meets the IRS criteria to be considered an employee of the university. See university “**Administrative Procedures #A8.230**” for guidance.
- ii. Any individual who will be working for a unit and does not qualify as an independent contractor should be added to the university's payroll system before the work begins.
- iii. The Foundation cannot make payments directly to a university employee for any item that is construed to be wages for IRS purposes. In these cases, the university must make the payment to the employee and then Foundation funds can be used to reimburse the university. The following types of payment to a university employee may be construed to be wages:
 - (a) Services rendered or honoraria.
 - (b) Expense allowance where no substantiation or accounting of expenses is required prior to payment.
 - (c) Awards and prizes for outstanding performance or achievement.
 - (d) Fellowship grants.
 - (e) Certain relocation expenses (See below Relocation Expenses).
- iv. When the Foundation reimburses the university for employee wages paid, the calculation may also include fringe benefits for the employee (e.g. employer portion of FICA, FUTA, SUTA, workers compensation, TDI, etc.) The Verification for Payment of Services to an Individual can be used to process the reimbursement to the university for employee wages.

- v. If the funds must be on deposit in a university account before the individual can be paid, the Foundation may elect to advance one calendar quarter at a time and may request an accounting of the funds advanced.
 - b. Independent contractor
 - i. Submit the “**Verification for Payment of Services to an Individual**” form to process payment to an individual who has performed services as an independent contractor.
 - ii. If the independent contractor is a nonresident alien, please process the payment through a university account.
 - iii. Attach an original invoice from the independent contractor.
 - iv. For a token honorarium, an invoice will not be required. Instead, a copy of the letter of invitation should be attached.
- 19. Student aid
 - a. Please see “**University of Hawai'i Foundation Student Aid Expenditure Process**” for details on requests for payments in regards to student aid.
- K. Nonresident Aliens
 - 1. Resident aliens are treated the same as U.S. citizens for income tax purposes.
 - 2. Payments to nonresident aliens (foreign individuals) may be subject to withholding of federal tax.
 - 3. Please see “University of Hawai'i Foundation Scholarship Expenditure Process” for details on payments made to student nonresident aliens.
 - 4. Awards/Prizes
 - a. All payments for awards/prizes to nonresident aliens are subject to 30% withholding, excluding awards for work done outside the United States.

- b. Tax treaty exemptions are not applicable.
 - c. Each recipient of an award/prize must have a social security number or an ITIN.
 - d. The Foundation will issue an IRS Form 1042-S at the end of the calendar year to all nonresident aliens who have received an award/prize.
 - e. Documents required for processing an award/prize to a nonresident alien:
 - i. UHF “**Check Request**”
 - ii. IRS “Form W-8BEN Certificate of Foreign Status”.
 - iii. Social security number or ITIN-Individual taxpayer identification number required.
5. Travel reimbursements
- a. Travel reimbursements to nonresident aliens engaging in academic activity will be made for travel expenses, e.g. airfare, hotel, ground transportation, meal and any other business-related expenses, under the following circumstances:
 - i. B-1 or WB visa holders (business visas), when paying travel only. If honorarium is paid through a different source, then the rules for B-2 or WT visa holders prevail.
 - ii. B-2 or WT visa holders (tourist visas), only if the activity does not exceed nine (9) days and the individual has not accepted incidental expenses from more than five institutions of higher education, a nonprofit or a government research organization in the past six months.
 - iii. Documents required for processing payment:
 - (a) UHF “**Check Request**”

- (b) **“Certification of Academic Activity for Travel Reimbursement to a Nonresident Alien”**
 - (c) Copy of current passport and I-94 Arrival/Departure Form. (The I-94 is returned to immigration when the traveler leaves the country, so be sure a copy of the I-94 is made while the traveler is here).
 - (d) Travel itinerary and original receipts for airfare.

- b. J-1 visa holders (non-students) coming to teach at the University may be reimbursed for airfare only. Documents required for processing payment:
 - i. UHF **“Check Request”**
 - ii. Copy of current passport and I-94 Arrival/Departure Form (The I-94 is returned to immigration when the traveler leaves the country, so be sure a copy of the I-94 is made while the traveler is here).
 - iii. Letter of invitation from the University.
 - iv. Copy of DS 2019 Certificate of Eligibility for Exchange Visitor (J-1) Status.
 - v. Travel itinerary and original receipts for airfare.

- 6. The Foundation will not directly pay honorarium to nonresident aliens. The Foundation will reimburse the university for such payments.