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2301 AUTHORITY AND RESPONSIBILITY FOR THE PURCHASE OF AND PAYMENT FOR PRODUCTS & SERVICES

Effective: December 1986
Revised: July 2006
Last Reviewed: March 2011
Responsible Office: Purchasing Services
Approval: Office of the Comptroller

PURPOSE

TO ASSIGN AUTHORITY AND RESPONSIBILITY FOR THE PURCHASE OF AND PAYMENT FOR PRODUCTS AND SERVICES.

POLICY

1. The Director of Purchasing Services and the Comptroller will establish and maintain policies and procedures to provide for the efficient and responsible conduct of all procurement and disbursement activities.
2. Purchasing Services, in conjunction with the Office of the Comptroller, is responsible for enforcing University procurement and disbursement policy.
3. The Director of Purchasing Services has the authority and responsibility to:
 - a. Negotiate all procurement terms and execute all purchases of goods and services unless otherwise prohibited by University statutes or policy or Trustee action; and
 - b. In conjunction with the Office of the Treasurer, determine and recommend, when appropriate, the potential benefits offered by a lease as compared to the purchase of equipment in accordance with Financial Policy #2311 – Procurement of Equipment.
4. No employee of the University, except as authorized by the Trustees of the University of Pennsylvania, the statutes of the University or President's letter of delegation, is empowered to incur any obligation or make any commitment on behalf of the University for the procurement of products, services, or equipment unless approved in writing by the Director of Purchasing Services.
5. The BEN Buys Purchasing System and MasterCard Purchasing Card are the University approved buying methods for purchases from external suppliers. Use of the appropriate buying tool must be in compliance with guidelines listed in the BEN Financials Commodity Matrix. Purchase approval authority, for purchase

orders < \$5,000 and Purchasing Card transactions (within card specific transaction limits), has been delegated to authorized faculty and staff.

6. Officers or departments other than Purchasing Services that have been delegated the responsibility for procurement of certain goods and services must procure those goods and services in accordance with University procurement policy. Procedures governing procurement in these areas are subject to prior review and approval by the Director of Purchasing Services.

7. All purchases must be made for the purpose of University-related activities. Purchasing any goods or services for personal use is prohibited.

8. Purchasing Services and the Office of the Comptroller are responsible for maintaining records of all procurement and disbursement transactions. University faculty and staff who have been authorized to use a Purchasing Card (see Policy #2303 - Use of Purchasing Card) are responsible for maintaining records of all procurement credit card transactions.

9. Purchasing Services and the Office of the Comptroller are responsible for responding to all external audit findings or agency inquiries concerning procurement and disbursement issues.

2302 COMMITMENT TO THE ECONOMIC INCLUSION PROGRAM

Effective: December 1986
Revised: July 2006
Last Reviewed: March 2011
Responsible Office: Purchasing Services
Approval: Purchasing Services

PURPOSE

Support of diversity and local community businesses is a major business objective of the University in support of the Penn Compact. Purchasing Services is the organization designated to locate and qualify viable diversity and local community suppliers to meet University procurement requirements.

POLICY

1. Purchasing Services is responsible for establishing, maintaining and ensuring adherence to the University's Economic Inclusion Program.
2. An on-going effort will be made to increase the amount of purchases made from diversity and local community businesses. The Director of Purchasing Services is responsible for developing annual dollar goals for purchases made from diversity and local community businesses. The Director of Purchasing Services is responsible for assisting organizations with delegated procurement responsibility in establishing annual goals for both diversity and local community businesses.
3. Purchasing Services is responsible for locating and qualifying diversity and local community businesses capable of supplying the products and services required by the University.
4. Purchasing Services is responsible for assisting diversity and local community businesses in understanding the procurement process of the University. In particular, Purchasing Services will provide guidance as required for the benefit of the diversity and local community businesses. University departments are required, whenever possible, to solicit product information, pricing proposals and competitive bids from diversity and local community businesses. University faculty and staff with University BEN Buys Purchasing System access and MasterCard Purchasing/Fleet Card cardholders are required to purchase products and services from diversity and local community businesses whenever possible

2303 USE OF A PURCHASING CARD

Effective: July 1993
Revised: April 2010
Last Reviewed: March 2011
Responsible Office: Purchasing Services
Approval: Purchasing Services

PURPOSE

To establish the policies and procedures related to the appropriate use of a University of Pennsylvania Purchasing Card (includes Fleet Fuel Card).

POLICY

1. The appropriate Senior Financial Officer must approve all requests to obtain a new [Purchasing Card](#).
2. The Cardholder must successfully complete required training, and, upon completion of training, sign and accept the terms and conditions of the Purchasing Card Cardholder Agreement prior to receiving his/her Purchasing Card. Cardholders must also complete a bi-annual refresher training course in order to retain use of their Purchasing Cards.
3. All Purchasing Card transactions must be processed in accordance with University Procurement and Disbursement [financial policies](#), the authorized buying method instructions listed in the [Buying Decision Chart](#) and the BEN Financials [Commodity Matrix](#).
4. All Purchasing Card cardholders must adhere to the [ethics in purchasing](#) guidelines.
5. The standard Purchasing Card monthly spend limit is \$4,999.00. The standard single transaction limit is \$1,000.00. Requests to increase the standard spend or transaction limit must include an explanation of the business purpose for the request and must be approved by the appropriate Senior Financial Officer. The request must then be forwarded to the Chief Procurement Officer (or designee) for final review and approval. Requests to increase the standard spend or transaction limit must be submitted via email using the online form at <http://www.purchasing.upenn.edu/forms/purchasing-card-limit-exception.pdf>
6. The Purchasing Card cannot be used for purchases of [restricted commodities and/or purchases from restricted suppliers](#).
7. All Purchasing Card transactions must be made by the individual to whom the Purchasing Card is issued.

- 8. All Purchasing Card transactions must be made for the sole use and benefit of the University of Pennsylvania. Personal purchases are not permitted under any circumstances as per the terms and conditions of the Cardholder Agreement.**
- 9. As an authorized agent of the University, it is the [cardholder's responsibility](#) to ensure proper use of the University's sales tax exemption number.**
- 10. It is the [cardholder's responsibility](#) to maintain appropriate supporting documentation for each Purchasing Card transaction along with a copy of the monthly statement of account for all transactions.**
- 11. Purchasing Services is authorized to review Purchasing Card purchasing activity to ensure compliance with this policy. Purchasing Services is authorized to suspend the Purchasing Card privileges of any Cardholder who is deemed to be in violation of this policy.**
- 12. Violation of this policy and/or the duties and responsibilities listed in the Purchasing Card Training program will result in further action by the Dean, Director, or School or Center Senior Financial Officer in accordance with the University of Pennsylvania Human Resources policies.**
- 13. Fraudulent use of the Purchasing Card will result in actions being taken in accordance with the procedures established in the Cardholder Agreement form**

2303.1 USE OF A PURCHASING CARD – GIFT AND ENDOWMENT FUNDS

Effective: July 2006
Revised: June 2007
Last Reviewed: March 2011
Responsible Office: Office of the Treasurer
Approval: Comptroller

PURPOSE

To ensure purchasing card transactions are within the guidelines of the gift or endowment funds donor intention.

POLICY

1. Additional School/Center Senior Financial Officer approval is required to use a gift or endowment fund as a default account for a Purchasing Card.
<http://www.finance.upenn.edu/comptroller/forms/#Payroll>
2. All purchases defaulting to a gift or endowment account must meet exclusive guidelines by the donor.
3. All restrictions and conditions by the donor must be monitored.
4. Documented monthly review must be performed on all charges to a gift or endowment account.
5. A purchasing card that defaults to a gift or endowment funds, should be used exclusively for that fund.

2304 PURCHASES FROM RELATED PARTIES

Effective: Dec. 1986
Revised: November 2006
Last Reviewed: March 2011
Responsible Office: Purchasing Services
Approval: President

PURPOSE

To preclude conflicts of interest with regard to related party purchases.

POLICY

1. The Trustees of the University of Pennsylvania have adopted a policy establishing comprehensive guidelines for dealing with conflicts of interest on the part of faculty, trustees, associate trustees, overseers, officers and other employees of the University. There are also other conflict of interest policies (see the [Conflict of Interest Policy for Faculty Members](#)) which relate to purchasing. This policy supplements, but does not modify or replace, other University policies on this subject.
2. In addition to complying with all other relevant policies with regard to procurement, University faculty or staff will not knowingly solicit or acquire goods or services from any supplier that:
 - a. Is owned, controlled, or actively influenced (with regard to any proposed transaction with the University) by any employee, faculty member, trustee, member of a board of overseers of the University or their immediate families; or
 - b. Employs, in a sales capacity, any person who is a full-time, employee, faculty member, trustee, member of a board of overseers of the University or their immediate families.
3. The President must approve, in writing, any transaction from a related party prior to the issuance of a purchase order or use of a procurement credit card.

2305 COMPLIANCE WITH PROCUREMENT POLICIES

Effective: Sept. 1990
Revised: November 2006
Last Reviewed: March 2011
Responsible Office: Purchasing Services
Approval: Purchasing Services

PURPOSE

To establish responsibility for ensuring compliance with University procurement policy.

POLICY

1. [Purchasing Services](#), in conjunction with the [Office of the Comptroller](#), is responsible for ensuring compliance with University procurement policy.
2. Authorization to suppliers for the purchase of products and services must be made through an [approved](#) University purchase order or a Procurement Credit Card.
3. Certain purchases may be made through means other than a University purchase order or a Purchasing Card (see [Commodity Matrix](#) for guidelines on the type of transactions that may be processed without using a University purchase order or a Purchasing Card).
4. All approved University suppliers are listed in the [University Supplier Database](#). Purchasing Services, in conjunction with Accounts Payable, has been delegated responsibility for managing the University supplier database.
5. Final approval authority for University purchase orders less than \$5,000 in value has been delegated to authorized faculty and staff in the Schools and Centers. However, all University purchase orders less than \$5,000 in value, requiring the review, approval and signature of a supplier contract or agreement, must be forwarded, along with the legal document(s) and supporting documentation, to Purchasing Services for final approval and signature.
All University purchase orders equal to or greater than \$5,000 must be forwarded to Purchasing Services for final review and approval. All supporting documentation relevant to the purchase request, (e.g., quotations, proposed contracts and agreements, relevant correspondence, etc.), must be forwarded to Purchasing Services for review and approval prior to the issuance of a University purchase order.
6. Any supplier contract or agreement requiring signature authorization must be reviewed by the Purchasing Services Department and/or the Office of the General Counsel prior to execution. **Only the Director of Purchasing Services; statutory officers of the University or their authorized designee may execute supplier contract forms.**

7. Competitive bids are required for all purchases with an aggregate value of \$5,000 or more (see Policy [#2308](#), Competitive Bidding). Competitive bids are not required when purchasing products or services from a University Contract Supplier (see [Contract List](#) for suppliers who have been designated University Contract Suppliers.)

2306 CONTRACT COMPLIANCE

Effective: Dec. 1986
Revised: November 2006
Last Reviewed: March 2011
Responsible Office: Purchasing Services
Approval: Purchasing Services

PURPOSE

To reduce the cost of goods and services by leveraging the University's buying power.

POLICY

1. [Purchasing Services](#) is authorized to negotiate and issue contracts that provide the University with "least total cost" supplier arrangements for goods and services required from external suppliers.
2. In negotiating those contracts, Purchasing Services will insure that the suppliers:
 - Provide a "least total cost" structure, available to all University departments;
 - Provide high quality products and services, delivery and customer service;
 - Provide customer training and support as required;
 - Provide an acceptable product exchange and return policy;
 - Provide support for University systems and technology;
 - Demonstrate financial stability.
3. Supplier contract pricing and performance are based on the University's overall anticipated volume of purchases during the contract period. In order to assure the University community of "least total cost" of products and services, and to fulfill the University's obligation to consolidate all of its requirements with the authorized supplier(s), all University departments are required to order needed products or services from those suppliers who are authorized suppliers to the University (see [Contract List](#)).
4. All University contract supplier information and pricing is proprietary information and may not be used for any purposes other than official University business.
University contract supplier information:
 - Is not to be provided to other suppliers or anyone outside the University;
 - Is not to be used in any unethical fashion;
 - Is not to be used for personal purchases or private gain;
 - Is not to be used for misrepresentation or illegal trade practices;Misuse of supplier data will be considered improper handling of institutional data.
5. Purchasing Services is responsible for [publicizing](#) all University-wide contract agreements and monitoring compliance.

2307 EXEMPTION FROM STATE SALES & USE TAX

Effective: Sept. 1990
Revised: November 2006
Last Reviewed: March 2011
Responsible Office: Purchasing Services
Approval: Purchasing Services

PURPOSE

To preclude unauthorized use of the University's Pennsylvania Sales and Use Tax Registration Number.

POLICY

1. [Purchasing Services](#) is responsible for authorizing the use of the University's Pennsylvania sales and use tax registration number.
2. Purchasing Services is responsible for the interpretation of sales tax legislation as it applies to University purchases and will consult the University Tax Manager and/or the Office of General Counsel for guidance, when appropriate.
3. Use of the University's sales and use tax registration number for personal purchases is prohibited.
4. Exemption from sales and use tax does not apply to all University purchases within the Commonwealth of Pennsylvania. Examples where exemption does not apply include the following:
 - a. Materials, supplies or equipment used or installed in construction, reconstruction, remodeling, repair or maintenance of any real estate so as to become a permanent part thereof; and
 - b. Charges which are subject to the hotel occupancy tax.
5. Exemption from sales and use tax for purchases from suppliers outside of Pennsylvania may be available, depending upon the existence of reciprocal agreements which that state may have with the Commonwealth of Pennsylvania. Prior to the purchase of goods and services from suppliers domiciled in states other than Pennsylvania, the department should contact Purchasing Services to determine the availability of sales and use tax exemption.
6. The Director of Purchasing Services and the University Tax Manager are the only University officials authorized to issue sales and use tax exemption certificates to suppliers. All [requests](#) for tax exemption certificates must be directed to the Director of Purchasing Services.

2308 COMPETITIVE BIDDING

Effective: Dec. 1986
Revised: October 2007
Last Reviewed: March 2011
Responsible Office: Purchasing Services
Approval: Purchasing Services

PURPOSE

To define purchases requiring competitive bidding.

POLICY

1. [Purchasing Services](#) is responsible for establishing an equitable and efficient competitive bidding process and ensuring that the procedures are followed.
2. All purchases with an aggregate value of \$5,000 or more must be competitively bid. Regardless of the dollar amount, **competitive bids are not required** for purchases from University [Contract Suppliers](#) and [Penn Marketplace Suppliers](#).
3. Normally, a minimum of three bids from qualified sources of supply will be required. However, circumstances may exist when fewer than three bids or more than three bids may be appropriate:
 - a. Purchasing Services will accept fewer than three bids only in cases where the normal competitive bidding process cannot be conducted. Purchase orders for which at least three bids cannot be obtained must be accompanied a written Request to Waive the Competitive Bidding Process, in which the circumstances are explained.
 - b. Purchasing Services is authorized to determine when more than three bids will be required.
4. Purchasing Services is authorized to require competitive bids for purchases from University contract and Penn Marketplace suppliers, if in its judgment, cost savings may be realized or other university objectives accomplished.
5. A competitive price quotation is required from [Specialty Underwriters](#), the University's contract supplier of equipment maintenance services, for annual equipment maintenance agreements with an aggregate value of \$5,000 or more. While not required, it is recommended that a competitive bid be obtained from Specialty Underwriters for annual equipment maintenance agreements less that \$5,000 due to the significant cost savings potential of the program. Purchasing Services reserves the right to require a competitive bid from Specialty Underwriters for all equipment maintenance agreements less that \$5,000 if the potential cost savings opportunity is deemed to be in the best interest of the University.

2309 RECEIVING & INSPECTING PURCHASED GOODS

Effective: Dec. 1986
Revised: November 2006
Last Reviewed: March 2011
Responsible Office: Comptroller
Approval: Comptroller

PURPOSE

To ensure the proper receipt and inspection of purchased goods.

POLICY

1. Ordering departments are responsible for verifying that purchased goods or services are received in proper condition and are in accordance with the terms of the official University purchase order.
2. Any damage to the shipping container noticed at the time of delivery is to be noted on the bill of lading, packing slip, and presented to the carrier making the delivery.
3. Purchased goods identified as being damaged should not be put into use.
4. The ordering department, or its designated receiving agent, is responsible for:
 - a. Notifying the supplier and the appropriate Purchasing Services [Sourcing Manager](#) immediately upon the discovery of damaged goods; and,
 - b. Notifying [Accounts Payable](#) in any instance where the goods or services are discovered to be in less than satisfactory condition. Any decision to withhold payment will be made in accordance with the terms of the purchase order and applicable law, and in consultation with the Office of the General Counsel, as appropriate.
5. When damage to goods is discovered after the goods have been put into use, the department is responsible for immediately notifying the supplier of the damage. Further use should be halted until the issues regarding the damage are resolved.
6. [Purchasing Services](#), as the contracting agent of the University, in consultation with the Office of the General Counsel as appropriate, will provide assistance in negotiating the settlement of invoices when goods received are determined to be in less than satisfactory condition.
7. Whenever legal questions arise regarding the receipt, inspection, rejection or use of purchased goods, the University's position and actions will be determined with reference to the relevant contract(s) and applicable law. Purchasing Services will consult with the Office of the General Counsel as appropriate.

8. Departments must record, in the University purchasing system, their receipt of goods and/or services for all purchase orders valued at \$5,000 or greater. In addition, departments must record the receipt of goods and services regardless of the purchase value if "Receipt Required" is activated

2310 PAYMENT OF PURCHASE ORDER INVOICES

Effective: Dec. 1986
Revised: November 2006
Last Reviewed: March 2011
Responsible Office: Comptroller
Approval: Comptroller

PURPOSE

To ensure the prompt and efficient processing and payment of approved purchase order invoices.

POLICY

1. The [Office of the Comptroller](#) is responsible for ensuring that disbursements of University funds for purchase order invoices are appropriate and properly authorized.
2. The Office of the Comptroller is responsible for maintaining an effective and efficient disbursement system which ensures the complete, accurate and timely payment of all valid purchase order invoices.
3. Invoices processed for payment must represent goods received and/or services rendered in a manner acceptable to the University. Checks or other forms of payment will be prepared only for payment of original supplier invoices which reference an approved purchase order.
4. The University's purchase order instructs suppliers to send invoices directly to [Accounts Payable](#) for payment. Invoices received by a department must be forwarded immediately to Accounts Payable in order to ensure timely payment to the supplier.
5. Payment of invoices for purchase orders less than \$5,000 will be made in accordance with the University's standard payment terms and conditions. Standard payment terms and conditions may be revised by [Purchasing Services](#) if deemed in the best interest of the University.
6. Payment of invoices associated with purchase orders of \$5,000 or more will not be processed until an electronic receipt, confirming that the goods and/or services included on the invoice were received in an acceptable condition, has been entered into the University Purchasing System.

2311 PROCUREMENT OF EQUIPMENT

Effective: September, 1990
Revised: October, 2007
Last Reviewed: March 2011
Responsible Office: Purchasing Services
Approval: Treasurer

PURPOSE

To ensure the most cost effective method of acquiring equipment, i.e., purchase or lease.

POLICY

1. The Vice President for Finance/Treasurer has the authority and responsibility to determine the most appropriate method of acquiring equipment, i.e., purchase or lease (capital & operating) of \$100,000 or more. The Vice President for Finance/Treasurer also has the responsibility to evaluate each external third party lease over \$100,000 for proper accounting and reporting treatment (i.e. capital or operating).
2. Purchasing Services has the authority and responsibility to review and execute all supplier leased contracts on behalf of the University.
3. Purchasing Services is responsible for maintaining copies of all fully executed external supplier third party lease contracts.
4. While it is not recommended, external third party leases are permitted only when the Office of the Treasurer determines that economic benefits will be realized. Such benefits may include lower cash payments, beneficial financing terms, and/or decreased risk, e.g. obsolescence, assumed by the University. However, generally third party leases are not cost effective and, in the case of capital leases, create reporting requirements. Outright purchase is the most preferred method of acquiring equipment.
5. Purchase/lease of individual items of equipment in amounts of \$100,000 or more require the written approval of the Vice President for Finance/Treasurer. Purchase/lease in excess of \$1,000,000 requires Trustee approval.
6. The procurement of equipment via an external third party lease with a total lease payment cost of \$5,000 or more is subject to the University's competitive bidding policy and request for equipment lease approval procedure.
7. A University purchase order must be issued for lease payments for each fiscal year to cover the full term of the lease contract period.
8. In the event of a department audit, the ordering department must be able to produce the a copy of the original fiscal year purchase order with all supporting

documents and all subsequent fiscal year purchase orders that cover the full term of the lease agreement.

2312 PROCUREMENT OF LABORATORY ANIMALS, RELATED SUPPLIES & EQUIPMENT

Effective: Dec. 1986
Revised: November 2006
Last Reviewed: March 2011
Responsible Office: Purchasing Services
Approval: Purchasing Services

PURPOSE

To ensure compliance with appropriate agency regulations pertaining to the procurement of laboratory animals, supplies and equipment.

POLICY

1. The [University Laboratory Animal Resources \(ULAR\)](#) department is responsible for ensuring that procurement of laboratory animals, supplies and equipment used in animal research and animal feed and bedding supplies comply with guidelines established by the Institutional Animal Care and Use Committee (IACUC).
2. All internal requirements for animals or animal related materials must be processed through and approved by University Laboratory Animal Resources (ULAR).
3. University Laboratory Animal Resources (ULAR) is the only department authorized to acquire animals or animal related materials from external suppliers. University Laboratory Animal Resource (ULAR) must use the University Purchasing System or a Purchasing Card for the procurement of animals or animal related materials.

2313 RADIOACTIVE MATERIALS

Effective: Dec. 1986
Revised: November 2006
Last Reviewed: March 2011
Responsible Office: Purchasing Services
Approval: Purchasing Services

PURPOSE

To ensure compliance with appropriate agency regulations pertaining to the procurement of radioactive materials.

POLICY

1. Approval to acquire radioactive materials must be received from the University's [Environmental Health & Radiation Safety Office](#) prior to the creation of a purchase order.
2. The University Purchasing System must be used for the purchase of all radioactive materials. Purchase orders that take advantage of the [Penn Marketplace](#) for ordering radioactive materials will be required to reference the Environmental Health & Radiation Safety Office approval number while they are completing the requisition. Free form orders must include the Environmental Health & Radiation Safety Office approval number in the description field of the order.

2314 OTHER DISBURSEMENTS

Effective: Dec. 1986
Revised: November 2006
Last Reviewed: March 2011
Responsible Office: Comptroller
Approval: Comptroller

PURPOSE

To define and establish policy for disbursements other than payments for the procurement of goods and services.

POLICY

1. The [Office of the Comptroller](#) is responsible for ensuring that other disbursements of University funds are appropriate and properly authorized.
2. Other disbursements include, but are not limited to:
 - a. Taxes: payroll, real estate, sales, use and occupancy, and unrelated business income tax;
 - b. Debt service payments;
 - c. Real estate Purchasing and other investments;
 - d. Other payroll withholdings;
 - e. Student refunds and deposits;
 - f. Unexpended funds returned under sponsored program agreements;
 - g. Facility lease payments; and
 - h. Certain loans.
3. Other disbursements will be made only upon receipt of an authorized Comptroller's Office disbursement form supported by documentation which details the purpose of the disbursement

2315 PAYMENT OF NON-PURCHASE ORDER INVOICES & OTHER DISBURSEMENTS

Effective: Dec. 1986
Revised: November 2006
Last Reviewed: March 2011
Responsible Office: Comptroller
Approval: Comptroller

PURPOSE

To establish payment policy for certain items that may be obtained without a purchase order and other valid University disbursements.

POLICY

1. The [Office of the Comptroller](#) is responsible for ensuring that disbursements of University funds for non-purchase order invoices and other disbursements (see [Commodity Matrix](#)) are appropriate and properly authorized (Transaction Authorization Card).
2. The Office of the Comptroller is responsible for maintaining an effective and efficient disbursement system which ensures the complete, accurate and timely payment of all valid University obligations.

2316 STOP PAYMENTS/CHECK CANCELLATIONS

Effective: November 2006
Last Reviewed: March 2011
Responsible Office: Comptroller
Approval: Comptroller

PURPOSE

To establish the responsibility for processing stop payment and check cancellation requests.

POLICY

1. The [Office of the Comptroller](#) is responsible for maintaining an effective and efficient system for stop payments and/or check cancellations.
2. Stop payment requests should be sent to the [Accounts Payable](#) Department immediately upon the discovery that a check has been lost or stolen. This notification must include the payee, the amount of the check and the reason for the stop payment request.
3. Cancellation of a check will occur only upon the receipt, in Accounts Payable, of a written request stating the reason for the cancellation.
4. Replacement checks will be issued in a timely manner.

2317 PAYROLL, REAL ESTATE, SALES, USE AND OCCUPANCY AND UNRELATED BUSINESS INCOME TAXES

Effective: Dec. 1986
Revised: November 2006
Last Reviewed: March 2011
Responsible Office: Comptroller
Approval: Comptroller

PURPOSE

To ensure the timely payment of University tax obligations.

POLICY

1. Disbursements for taxes due federal, state or municipal authorities must be processed through a properly completed Comptroller's Office disbursement form.
2. All forms for tax payments must be accompanied by appropriate supporting documentation as follows:
 - Payroll Payroll Cash Disbursement Summary
 - Sales, Use and Occupancy Approved Supporting Schedules
 - Real Estate Municipal Tax Bills
 - Unrelated Business Approved Supporting Schedules
 - Income
3. The Office of the Treasurer and/or the Office of the Comptroller are responsible for ensuring the timely payment of taxes incurred or withheld by the University and payable to a government agency.
4. The Office of the Comptroller is responsible for maintaining an effective and efficient system for determining the accurate and complete amounts due for payroll, real estate, sales, use and occupancy and unrelated business income taxes.
5. Taxes will be paid in accordance with the appropriate governmental regulation

2318 FACILITY LEASE PAYMENTS

Effective: Dec. 1986
Revised: November 2006
Last Reviewed: March 2011
Responsible Office: Comptroller
Approval: Comptroller

PURPOSE

TO ENSURE THE TIMELY AND ACCURATE PAYMENT OF AUTHORIZED FACILITY LEASE OBLIGATIONS.

POLICY

1. The [Office of the Treasurer](#) is responsible for initiating all facility lease payments.
2. Facility lease payments will be processed through the Accounts Payable department using the appropriate Comptroller's Office disbursement form.
3. Requests for lease payments must conform to the Facility Lease Payment Schedule as developed by the Office of the Treasurer.
4. Leases executed subsequent to the annual approval of the Facility Lease Payment Schedule must be approved individually by the Vice President for Finance and added to the schedule prior to any payment thereon.

2319 PAYMENT TO INDIVIDUALS FOR HONORARIA, CONSULTING FEES, LECTURE FEES, HUMAN SUBJECT FEES AND OTHER SERVICES

Effective: Jan. 1989
Revised: November 2006
Last Reviewed: March 2011
Responsible Office: Comptroller
Approval: Comptroller

PURPOSE

To define payments to non-employees performing services in support of the University's operations and to establish responsibility for the approval of such payments. Services performed by an employee of the University must adhere to Policy [#2320](#), Extra Compensation for University Employees.

DEFINITION

Honorarium

payment usually for services on which custom or propriety forbids a price be set.

Lecture Fee

payment which represents compensation for services for which a discourse is given before a class or an audience.

Human Subject Fee

payment which represents compensation to individuals participating as subjects in a scientific research project. (see Policy [#2319.1](#) - Payment of Human Subject Fees)

Consulting Fee

payment which represents compensation for services provided by an independent contractor.

Employee/Employer Relationship

this determination is central to the question of how an individual should be paid for services provided to the University. Individuals who are currently employees of the University or individuals who have been employees of the University would, in most cases, be compensated through the University's Payroll. Individuals who are independent contractors, as determined by the answers to the Independent Contractor Determination and Certification form (C-12), are to be paid through Accounts Payable.

POLICY

1. It is the responsibility of the person initiating the payment request to make an initial determination as to whether an employee/employer relationship exists. The [Office of the Comptroller](#) has final authority for determining the method of payment to individuals.

2. Payments to University employees for honoraria, lecture, human subject, consulting and other fees are prohibited, unless such payments adhere to Policy [#2320](#) - Extra Compensation for University Employees.

3. The [Office of the Comptroller](#) is responsible for ensuring that applicable governmental regulations regarding tax withholding and reporting are followed.
4. A university purchase order must be issued for consulting services from an external supplier. All supporting documentation, including formal agreement or contract must be forwarded to Purchasing Services for review and approval, prior to final purchase order approval by Purchasing Services.
5. Payments for honoraria, lecture fees and human subject fees that are made to non-employees (see Policy [#2319.2](#) - Payment to Individuals) must include appropriate documentation, e.g., lecture notice.
6. Any payment requests for non-employees must include the payee's valid tax payer identification number (W-9).

2319.1: PAYMENT OF HUMAN SUBJECT FEES FOR NON UNIVERSITY EMPLOYEES

Effective: February 2007
Revised: November 2009
Last Reviewed: March 2011
Responsible Office: Provost
Approval: Provost

PURPOSE

To ensure an effective and efficient means to make payments to human subjects in research studies and properly account and report these payments in accordance with generally accepted accounting principles and compliance with the Internal Revenue Code.

DEFINITION

A human subject fee is a payment that represents remuneration and/or reimbursement to individuals participating as subjects in a research project.

TAX REPORTING

The University is obligated to report to the Internal Revenue Service (IRS) on Form 1099 all U.S. Citizens and Resident Aliens receiving cumulative remuneration greater than the annual threshold amount of \$600. Reimbursements of out-of-pocket expenses for U.S. Citizens and Resident Aliens are generally not reportable to the IRS.

The University will report to the Internal Revenue Service (IRS) on Form 1042S all Non Resident Aliens receiving remuneration and/or out-of-pocket reimbursement greater than \$100 in any one calendar year.

NOTE:

IF YOU HAVE ANY REASON TO BELIEVE THAT YOU ARE MAKING A PAYMENT TO A FOREIGN PERSON AND DO NOT KNOW IF THEY ARE CONSIDERED A RESIDENT ALIEN OR NON RESIDENT ALIEN - PLEASE COLLECT THE FORMS BELOW FOR NON RESIDENT ALIEN AND SEND TO THE PAYROLL TAX OFFICE FOR A DETERMINATION.

POLICY

1. Payments to human subjects of over \$100 per occurrence *MUST* be processed through Individual Disbursement Services on a [Request for Payment C-368](#)

Note:

U.S. Citizen or Resident Alien

A W-9 is required if the human subject is receiving payment for the first time and not listed as a “supplier” in Penn’s Accounts Payable system or if the subject has a name or address change.

Non Resident Alien

The following forms are required

Foreign National Information Form (<http://www.finance.upenn.edu/forms/fniform.pdf>)

Copies of Visa, Passport, I94 Card

Valid ITIN (Individual Taxpayer Identification Number) or Social Security Number

- a. Payments by the Individual Disbursement Services, Office of the Comptroller for over \$100 per occurrence will be made by check payable to the human subject and mailed directly to the human subject.
- b. The Human Subject Voucher form <http://www.med.upenn.edu/ohr/docs/Human-Subject-Voucher.doc> must accompany any distribution to human subjects \$100 or less.

Note:

Gift cards, gift certificates, money order etc., over \$100 per occurrence are not permitted as remuneration for participation in a research study.

2. Human subject’s payments \$100 and under per occurrence can be processed via petty cash or money orders, gift cards or the like.
 - a. The Human Subject Voucher form <http://www.med.upenn.edu/ohr/docs/Human-Subject-Voucher.doc> must accompany any distribution to human subjects \$100 and below. .
 - b. It is the responsibility of the Principal Investigator (PI) to collect a completed [W-9](#) from each U.S. Citizen or Resident Alien *IF* at anytime either at the beginning of each research study/clinical trial or during the course of the research study, it is recognized that the human subject will receive a total of \$600 or more in a calendar year as remuneration.
 - c. It is the responsibility of the Principal Investigator (PI) to collect the necessary paperwork from each Non Resident Alien *IF* at anytime either at the beginning of each research study/clinical trial or during the course of the research study, it is recognized that the human subject will receive a total more than \$100.

Note:

This process does not apply if the IRB has approved a waiver of informed consent and no identifiers of the human subject are collected.

3. Privacy of Medical and Protected Health Information (PHI), Personal Data and Social Security numbers

- a. **PHI and Data** – It is the responsibility of the PI to ensure that information collected and forwarded to Individual Disbursement Services for purposes of remuneration of a human subject does not link the subject to the research study by title, include medical information, diagnostic information, medical/personal information or other PHI protected by law. Payment documentation must identify the fund number from which remuneration will be paid, the name of the human subject, social security number and amount of remuneration. No further information is required for IRS purposes.
- b. **Social Security Numbers** – It is the responsibility of the PI to ensure that potentially sensitive data is protected. The following steps must be taken to help ensure privacy:
 1. The [W-9](#) form should be sent to Individual Disbursements Services and should not be retained locally.
 2. Participants' Social Security number should not be kept on a local desktop, laptop or other computing device.

Additional Responsibilities

1. The Individual Disbursement Services Department is responsible for ensuring that payments to human subjects are submitted with all required documentation. In the event that the proper process is not followed, Individual Disbursement Services will return the [Request for Payment C- 368](#) to the issuing department for correction.
2. Each PI has the primary responsibility for:
 - Monitoring the process of compensating human subjects and ensuring that such activity is properly accounted for and reported to applicable departments.
 - Ensuring that all human subjects are informed during the consent process (verbal or written) of the human subject's responsibility of reporting human subject remuneration to the IRS.
 - Documenting the number of human subjects and payments to those human subjects in studies where the human subject remains anonymous (where the IRB has approved a waiver of consent) or no identifiable information is collected.
 - Documenting the names of human subjects and payments to those human subjects in studies involving surveys when de minimis incentive payments (\$25 or less) are used as enticement to complete the survey and the returned survey contains no identifiers and is considered anonymous.
3. The Cashier's Office is responsible for ensuring that payments from a petty cash fund to a human subject are submitted with all required documentation. In the event that the proper process is not followed when utilizing petty cash funds to compensate a human subject, the Cashier's Office will not replenish the petty cash fund.

2319.2 PAYMENT TO NON-RESIDENT ALIENS FOR HONORARIA, CONSULTING FEES, LECTURE FEES, HUMAN SUBJECT FEES AND OTHER SERVICES

Effective: Sept. 1990
Revised: Nov. 2006
Last Reviewed: March 2011
Responsible Office: Comptroller
Approval: Comptroller

PURPOSE

To define policy and establish responsibility for the tax withholding and/or reporting of payments to non-employees who are nonresident aliens performing services for the University.

NOTE: Generally, payments to nonresident aliens for independent personal services are subject to 30% federal income tax withholding, at source, in accordance with Internal Revenue Service (IRS) regulations. However, payments may be exempt from withholding if a tax treaty exists with the country of citizenship of the nonresident alien. Such treaties may provide for the exclusion of some or all of the payment from taxation. A listing of all countries that currently have a tax treaty in force with the United States is provided as Appendix A to this policy.

POLICY

1. The [Office of the Comptroller](#) is responsible for ensuring that federal tax law and regulations regarding the withholding of U.S. income tax and all applicable reporting requirements are followed.
2. U.S. income tax will be withheld, at the applicable tax rate, from payments to nonresident aliens from tax treaty countries unless a properly completed IRS Form 8233 (Exemption From Withholding on Compensation for Independent Personal Services of a Nonresident Alien Individual) and the applicable statement under IRS Revenue Procedure 87-9 is submitted, along with the payment request.

NOTE: Tax treaty benefits are not automatic. Nonresident aliens must submit Form 8233 to the department initiating the request for payment, in order to ensure that U.S. income tax will not be withheld from the payment.
3. Payments to nonresident aliens from non-tax treaty countries will have U.S. income tax withheld at the applicable tax rate.
4. Payments to nonresident aliens for services performed outside the United States are not considered U.S. source income under the Internal Revenue Code, and, therefore, are not subject to U.S. income tax

withholding or reporting. The department initiating the payment request is responsible for documenting that the services were performed outside the United States.

5. Disbursement normally will be made by check payable to the individual providing the services, and will be mailed directly to the payee.

6. The above policies are in addition to the policies stated in Policy [#2319](#), Payment to Individuals for Honoraria, Consulting Fees, Lecture Fees, Human Subject Fees and Other Services.

APPENDIX A

Current Tax Treaty Countries

The following countries currently have tax treaties in force with the United States. These treaties contain provisions that allow for the exemption from U.S. income tax withholding for payments made for teaching, research or independent personal services:

Armenia (1)(2)(3) #	Ukraine (1)(2)(3) #
Australia (3)	United Kingdom (1)(2)(3)
Austria (1)(3)	Uzbekistan (1)(2)(3) #
Azerbaijan (1)(2)(3) #	Korea, Rep. of (1)(2)(3)
Barbados (3)	Kazakhstan (3)
Belarus (1)(2)(3) #	Kyrgyzstan (1)(2)(3) #
Belgium (1)(2)(3)	Luxembourg (1)(2)(3)
Canada (3)	Malta (1)(2)(3)
China, People's Republic of (1)(2)(3)	Mexico (3)
Cyprus (3)	Moldova (1)(2)(3) #
Czech Republic (1)(2)(3)	Mexico (3)
Denmark (1)(3)	Netherlands (1)(2)(3)
Egypt (1)(2)	New Zealand (3)
Finland (3)	Norway (1)(2)(3)
France (1)(2)(3)	Pakistan(1)
Germany (1)(2)(3)	Philippines (1)(2)(3)
Georgia (1)(2)(3) #	Poland (1)(2)(3)
Greece (1)(3)	Portugal (1)(2)(3)
Hungary (1)(2)(3)	Romania (1)(2)(3)
Iceland (1)(2)(3)	Russia (3)
India (1)(2)(3)	Slovak Republic (1)(2)(3)
Indonesia (1)(2)(3)	South Africa (3)
Ireland (3)	Spain (3)
Israel (1)(2)(3)	Sweden (3)
Italy (1)(2)(3)	Switzerland (3)
Jamaica (1)(2)(3)	Tajikistan (1)(2)(3) #
Japan (1)(2)(3)	Thailand (1)(2)(3)
Turkmenistan (1)(2)(3) #	Trinidad and Tobago (1)(2)(3)
	Tunisia (3)

These countries are members of the Commonwealth of Independent States (formerly the U.S.S.R.) and continue to be covered under the old U.S.S.R. tax treaty.

(1) Treaty has a provision for Teaching

(2) Treaty has a provision for Research

(3) Treaty has a provision for Independent Personal Services (Independent Contractors/Consultants).

2320 EXTRA COMPENSATION FOR UNIVERSITY EMPLOYEES

Effective: December 1986
Revised: July 2006
Last Reviewed: March 2011
Responsible Office: Comptroller
Approval: Comptroller

PURPOSE

To establish policy for the payment of University employees who provide additional services beyond the scope of their normal employment.

POLICY

1. **Additional Pay Forms** are used to pay employees outside the normal scope of their salary, such as vacation pay at separation, SALINC merit bonuses, extra services, allowance.
2. The additional pay forms require authorizing signatures because the employee is receiving money above and beyond regular salary received via the Distribution Screen. It is imperative that the forms be routed to various offices in time to be passed along to the next level, so they can be received in a timely manner in the Payroll Office for payment in the current pay period. See link for current payroll schedule.
<http://www.finance.upenn.edu/comptroller/accounting/closingsch/payroll/>.
3. Because these payments represent money outside the normal salary, these forms/payments do not qualify for hand drawn checks.
4. Non-exempt employees must be paid for services in accordance with the requirements of the Fair Labor Standards Act, particularly with regard to straight time versus overtime rates.
5. Payments for extra compensation charged against sponsored programs must be approved by the [Office of Research Services](#) prior to payment.
6. Payments for extra compensation for Faculty must be approved by the Office of the Provost.
7. Payments for extra compensation for Staff must be approved by Human Resources.

2321 DUES, MEMBERSHIP FEES & SUBSCRIPTIONS

Effective: Dec. 1986
Revised: November 2006
Last Reviewed: March 2011
Responsible Office: Comptroller
Approval: Comptroller

PURPOSE

To ensure that dues, membership fees and subscription costs incurred by the University serve the instruction, research and public service objectives of the University.

POLICY

1. Dues, membership fees and subscriptions will be paid only in cases where the benefits derived are in accordance with the University's mission of instruction, research and public service. The membership or subscription must support the individual's job related responsibilities.
2. Payment of membership fees for private clubs or organizations is prohibited unless approved in writing by the Vice President for Finance and appropriate Dean or center director.
3. A Purchasing Card must be used for payment of dues, memberships and subscriptions whenever possible.
4. Payment for subscriptions will be made directly to the publisher. Reimbursement to employees is allowable only when the personal subscription rate is lower than the institutional rate available to the University.

2322 DISBURSEMENT FOR UNIVERSITY DEBT OBLIGATION

Effective: January 1989
Revised: May 2006
Last Reviewed: March 2011
Resp. Office: Treasurer's Office
Approval: V.P. for Finance and Treasurer

PURPOSE

To establish the timely payment of valid and authorized University debt obligations.

POLICY

1. The Treasurer's office has the authority and responsibility to ensure the timely payment of University debt obligations in accordance with applicable debt instructions.
2. Debt service payments will be initiated through a properly completed and authorized Office of the Comptroller's disbursement form.
3. Debt service payments must confirm to the Debt Service Schedule as approved annually by the Associate Treasurer.
4. Debt service agreements executed subsequent to the annual approval of the Debt Service schedule must be approved individually by the V.P. for Finance and Treasurer and added to the schedule prior to any payment thereon.

2323 REIMBURSEMENT OF MINOR EXPENDITURES

Effective: Jan. 1989
Revised: November 2006
Last Reviewed: March 2011
Responsible Office: Comptroller
Approval: Comptroller

PURPOSE

To establish policies for reimbursing employees for minor non-travel expenditures.

POLICY

1. The University has identified the Purchasing System and [Purchasing Card](#) as the authorized methodologies for acquiring goods and/or services (see [Commodity Matrix](#) for appropriate use of these methodologies) from external vendors. University faculty and staff are required to use the appropriate methodology to satisfy their needs.
2. The individual authorizing the transaction must ensure that the reimbursement request is in compliance with existing University procurement policies.
3. No individual may approve his or her own reimbursement request.

2324 REIMBURSEMENT OF MOVING EXPENSES

Effective: November 2006
Last Reviewed: March 2011
Responsible Office: Comptroller
Approval: Purchasing Services

PURPOSE

To establish policy for the payment of moving expenses for newly recruited employees who are required to relocate to Philadelphia or its environs.

POLICY

1. Deans, resource center directors, vice presidents or vice provosts must approve, in advance and in writing, any payment of a newly recruited employee's relocation costs.
2. The University will pay directly, or reimburse, only those moving expenses which can be excluded from an individual's taxable income according to the most recent Internal Revenue Service regulations.

Note: Individuals who are responsible for approving moving expense payments, or reimbursements, must contact the University Tax Manager if they have specific questions regarding the ability to exclude payments from an individual's income. Payments made that do not comply with the applicable IRS regulations will be taxed accordingly.

Individuals who are responsible for approving moving expense payments, or reimbursements, must instruct the newly recruited employee to contact Purchasing Services for information and assistance in coordinating [relocation services](#).

3. Moving expense reimbursements or payments will be reported to government agencies in accordance with applicable regulations.

2325 GIFTS TO OTHER CHARITABLE ORGANIZATIONS

Effective: December, 1986
Revised: May 2005
Last Reviewed: March 2011
Resp. Office: Provost, EVP

PURPOSE:

To provide for the prudent utilization of University resources consistent with the University's charitable mission and purposes.

POLICY:

A. Gifts of Cash

Payments by the University to other charitable organizations in the form of a gift or contribution are generally prohibited, unless approved in writing by:

- (a) If proposed by a School or Resource Center, the Provost and the Dean or in the case of a Center, a Responsibility Center Director;
- (b) If proposed by an entity comprising Penn Medicine, the Executive Vice President for Penn Medicine;
- (c) If proposed by an Administrative Center, the Executive Vice President.

In all cases, the proposer of the charitable contribution must submit a memorandum detailing the following for the proposed gift:

- (a) form of gift (cash, property, etc)
- (b) business rationale,
- (c) source of funding, and
- (d) description of how the gift falls within the University's charitable mission and purpose.

Under no circumstances can gifts be made from donor gifts including endowment funds ("4" ledger funds), extra mural sponsored research funds ("5" ledger funds), or operating gift funds ("6" ledger funds).

Cash gifts should be charged to object code 5291 Unallowable: Other Expenses.

B. Gifts of Property

In the event a School or Center determines University property to be obsolete, it may be considered for donation subject to the following conditions:

- 1. Approval in writing by the senior responsible financial officer of the School/Center (i.e., Vice Dean for Finance and Administration or Chief Financial Officer of a School) to ensure that the property can not be used elsewhere in the School or Center.**
- 2. A reasonable effort should be made to determine whether the property could be effectively used elsewhere in the University. This could include posting the equipment availability on a list serve.**
- 3. Assuming approval under B.1. and reasonable efforts made under B.2, a request to the Center for Community Partnerships (CCP) may be submitted indicating the desire to donate the property to a third party, non-profit organization. The School/Center may designate a third party organization for the receipt of the property; however ultimate designation approval rests with CCP.**

Please note the following:

Property should not be dropped off at CCP.

If the property is a vehicle, the Office of Risk Management must be notified prior to the disposal so that the title may be prepared and accompany the vehicle at the time of the disposal.

If the property is capitalized (i.e., greater than \$5,000 in original value), the Property

Management Group in the Office of the Comptroller should be notified in writing or via email within 7 days after disposal. The net book value of the asset, if any, should be charged to object code 5291 Unallowable: Other Expenses

Disposal of computers and related equipment should be evaluated in accordance with Policy 1106.31 Plant Assets – Disposal of Computing Equipment.

Individuals retained by the University in any capacity may not elect to have compensation or other remuneration (provided for services to the University) redirected to a charitable organization, other than the University, of their choice in lieu of directly receiving the compensation or remuneration.

2326 GIFTS BASED ON UNIVERSITY/EMPLOYEE RELATIONSHIP

Effective: November 2006
Last Reviewed: March 2011
Responsible Office: Comptroller
Approval: Comptroller

PURPOSE

To provide for the prudent utilization of University resources.

POLICY

1. University departments may make a payment, in the form of a gift, to an employee or an employee's immediate family, based on the University/employee relationship, only for the following events:
 - a. Departure of a long-term employee;
 - b. Retirement of an employee;
 - c. Illness of an employee requiring hospitalization; or
 - d. Death of an employee or an employee's immediate family member.
2. Payments in excess of \$100.00 for these purposes are prohibited, except as provided for in policy statement 3, below.
3. Traditional gifts or University mementos given to long-term University employees upon their retirement are permitted with appropriate approval.
4. Payments must be approved by the appropriate dean, resource center director, vice president or vice provost.

2326.1 GIFTS BASED ON NON UNIVERSITY PERSONNEL

Effective: November 2006
Last Reviewed: March 2011
Responsible Office: Comptroller
Approval: Comptroller

PURPOSE

To provide for the prudent utilization of University resources.

POLICY

1. University departments may make a payment, in the form of a gift, to a non employee for the following events:
 - A. In lieu of an Honorarium
 - B. In lieu of a Lecture Fee
 - C. For Recruitment
2. Payments in excess of \$100.00 must be approved by the appropriate dean, resource center director, vice president or vice provost.
3. No alcoholic beverages should be purchased as a gift.
4. All gifts no matter what the dollar amount is considered taxable income.

2327 PROFESSIONAL SERVICES: ACCOUNTING, LEGAL, BANKING, INSURANCE, ARCHITECT AND ENGINEERING, CONSTRUCTION, AND EMPLOYEE BENEFIT PROVIDERS

Effective: November 2006
Last Reviewed: March 2011
Responsible Office: Comptroller
Approval: Comptroller

PURPOSE

To provide for the procurement and payment of specialized services from professional firms organized to provide such services. The authority and responsibility for the procurement and disbursement for accounting, legal, banking, insurance, architect and engineering, construction and employee benefit related services is defined below.

POLICY

1. The Comptroller has the authority and responsibility to procure accounting services from independent certified public accounting firms. The Trustees Committee on Audit annually engages an independent accounting firm to perform an audit of the University's annual financial statements (see Financial Policy #1401). The Comptroller or his designee must approve disbursements to independent accountants.
2. The General Counsel has the authority and responsibility to procure legal services and consequently must approve disbursements for legal services.
3. The Treasurer has the authority and responsibility to procure banking services and consequently must approve the payment of fees to any banking firm.
4. The Director of Risk Management has the authority and responsibility to provide insurance coverage for the University and consequently must approve all payments to insurance carriers and related vendors.
5. The Vice President for Facilities Services has the authority and responsibility to procure architect and engineering services and construction services for both capital and maintenance projects. The Vice President for Facilities Services or designee is responsible for approving disbursements to firms providing these services.
6. The Vice President for Human Resources has the authority and responsibility to procure employee benefit related services and either the Vice President for Human Resources or the Comptroller must approve the disbursements to firms providing these services

2328 PAYMENTS FOR, OR REIMBURSEMENTS OF, COSTS ASSOCIATED WITH TELEPHONES, OTHER THAN CELLULAR TELEPHONES

Effective: November 2006
Last Reviewed: March 2011
Responsible Office: Comptroller
Approval: Comptroller

PURPOSE

To govern University payments for the purchase, lease, or use of telephones, other than cellular telephones, located on non-University premises. For the purpose of this policy, the term "University" also includes the Health System.

POLICY

1. The University will not pay directly or reimburse individuals for costs associated with the purchase, lease or installation of any type of telephone equipment, optional features or telephone lines located outside of University owned or leased premises.
2. The University will reimburse individuals for telephone toll calls that are incurred in the conduct of official University business. Individuals who authorize such reimbursements are responsible for ensuring that the payment or reimbursement is related to official University business.
3. Any reimbursement request must be submitted on a properly completed and approved disbursement form that is supported by the itemized original telephone bill, with the detail of the toll calls to be reimbursed appropriately identified.
4. Exceptions to this policy may be granted only by the appropriate Dean, Director or Vice President upon the submission of a justification from the individual that has been approved by the appropriate Department chair or manager.

2329 PAYMENTS FOR, OR REIMBURSEMENTS OF, COSTS ASSOCIATED WITH CELLULAR TELEPHONE

Effective: November 2006
Last Reviewed: March 2011
Responsible Office: Comptroller
Approval: Comptroller

PURPOSE

To govern University payments for the purchase and use of cellular telephones. For the purpose of this policy, the term "University" also includes the Health System.

POLICY

1. Purchase and Installation of Mobile Telephone Equipment:
 - a. Ordinarily the University will not pay directly or reimburse individuals for costs associated with the purchase or installation of mobile telephone equipment. However, in those instances where an individual is able to justify a significant University business need for such equipment, approval may be granted for the purchase and installation of such equipment with University funds.
 - b. Written justification of the business need must be provided, in advance, by the requester through the appropriate department Chair or Senior Business Officer to either the Dean or Vice President, as appropriate, for their written approval.
 - c. The purchase of a University funded cellular telephone, as well as the associated installation costs and cellular service, should be initiated by contacting the [Telecommunications Office](#), and providing that office with a copy of the approved justification. The user's department should also submit a copy of the approved justification to the appropriate purchasing entity (i.e., University, Health System), along with the proper purchasing form.
 - d. Grant or contract funds may not be used to cover the purchase or installation of cellular telephone equipment, unless specifically authorized in the grant award and approved, in advance, by the [Office of Research Services](#).
 - e. Cellular phones that are purchased with University Funds are the property of the University. Upon separation from University service, an employee is responsible for returning the cellular equipment to the home department.
2. Payment for Monthly Charges Associated with Cellular Telephone Usage:
 - a. The University will pay monthly use charges directly to the supplier for cellular telephone equipment that has been purchased with University funds. Such charges include airtime usage, directory assistance, toll charges, local land charges, roamer charges and roamer surcharges.

- b. The University will not make payments directly to the cellular service suppliers for any monthly use charges associated with cellular telephone equipment that was not purchased with University funds.
 - c. The University will reimburse individuals for the monthly charges associated with University related business calls placed on personally owned cellular phones. Requests for reimbursement must be submitted on a properly completed and approved disbursement form that is supported by the original telephone bill, with the detail of the calls to be reimbursed appropriately identified.
 - d. Grant or contract funds may not be used as the funding source for ongoing monthly charges, unless specifically authorized by the sponsor in the award document and approved by the Office of Research Services. However, unless specifically prohibited by the terms of the grant or contract agreement, monthly toll charges made in support of a grant or contract may be charged to individual accounts, on a charge by charge basis, with proper documentation.
 - e. All charges associated with personal calls on University owned cellular phones must be reimbursed to the University account against which the total charges have been applied within 30 days of the close of the billing period.
3. Auditability of Charges:
- a. Amounts charged to University funds for cellular telephone equipment, installation and monthly use charges will be audited, periodically, to ensure compliance with established policies and procedures.