

Disbursements / Check Request Policy

Effective Date: November 1, 2016

Updated: February 5, 2020

General Procedures

All disbursements from the Medical College of Georgia Foundation (“MCGF”) must: 1) provide a direct benefit to Augusta University or Georgia Regents Medical Center (collectively the “Institution”) in furthering the organization’s mission; 2) be properly reported for tax purposes; 3) be made with regard to the fund purpose as set forth by the donor; and 4) adhere to the policies outlined herein. To request a disbursement from a fund, please complete the Check Request Form located on MCGF’s website. Please note that, effective the date of this policy, MCGF’s Check Request Form has been redesigned and the new form must be submitted for all disbursement requests going forward. All fields must be complete and accurate and include any required supporting documentation or forms. In addition, you must submit the original Check Request Form with original signatures (stamp and electronic signatures are not permitted). In the event that the form is incorrect, incomplete, or lacks sufficient documentation, it will be sent back via inter-campus mail to the check request preparer listed on the form. Checks are cut by MCGF on a weekly basis. Any checks that are not deposited within 90 days will be voided and not reissued. All complete check requests received by Friday of any given week will be processed by the Friday of the following week. Any incomplete or missing information will delay this process. You may submit check requests via inter-campus mail or hand delivery. The MCGF address is 720 St Sebastian Way, Suite 150 Augusta, Georgia 30901 and business hours are Monday through Friday 8am – 5pm.

Timeliness of Expenses

Check Request Forms must be submitted and received by MCGF within 90 days of the date that the expense was incurred based on the receipt or invoice date. Note that the check request must be both complete and accurate in order to be considered received by MCGF. Expenses submitted outside of this window will not be paid for any reason. The fact that an invoice was never received is not a valid excuse for untimely submission of check requests. It is the responsibility of the individual departments to ensure that they are appropriately billed for services rendered or products received.

Receipts and Invoices

MCGF requires original, itemized receipts for reimbursements. Cash register total receipts, which do not detail the items purchased, will not be accepted. Catering invoices should break out the cost per head as well as the food items served. In order to issue a check to a vendor, MCGF requires original invoices and will not accept order forms, proposals, credit card statements, confirmations, or invoice copies. In the event that an original invoice or receipt cannot be located (and only a copy is provided), a memo or email must be included certifying that the expense will not be reimbursed by any other source. Note that lost receipts can typically be duplicated by a vendor upon request.

Signatories

The Check Request Form must be signed by two different authorized signatories on the fund. In the event that the fund only has one authorized signatory, the dean of the school must sign the form as the second signatory. Alternatively, the department may choose to add additional signatories to the account using the Fund Access Form that is available upon request. Neither signatory can be the payee. In addition, a signatory cannot authorize an expense which personally benefits them. It is vital for signatories to understand that their signature serves as a certification of the accuracy and legitimacy of the expense.

Supplemental Forms

Attachment A – An Attachment A is required to accompany any Check Request Form for purchases of meals, refreshments, or entertainment. Note that, when an Attachment A is required, documentation should be included to support the business purpose of the event. Appropriate supporting documentation includes (but is not limited to) a flyer, bulletin, agenda, brochure, meeting invitation, or course calendar. The Attachment A must be signed by an authorized signatory on the applicable fund (cannot be the payee).

Attachment B – An Attachment B is required to accompany a Check Request Form for purchases of equipment greater than \$5,000. MCGF will forward the completed Attachment B to Corporate Accounting (see applicable contact information below). Note that purchases made with MCGF funds become the property of the Institution.

- Georgia Health Sciences
 - Nakita Johnson - NAKJOHNSON@augusta.edu
- Augusta University
 - Darrell Adair - dadair@augusta.edu

Stop Payments

In the event of a lost check, fund representatives may request to have an outstanding check voided and reissued. Any stop payment fees charged by the bank will be charged to the fund from which the check is cut. In the event that the fund does not have sufficient funds to absorb the stop payment fee, the reissued check will be reduced by the amount of the fee.

W-9 Forms

A completed W-9 Form is required to be submitted, per IRS guidelines, whenever compensation payments are made to an individual or a non-incorporated entity, such as a partnership or sole proprietorship. For example, all check requests for honorariums should include a W-9 Form as these payments are considered taxable income to the payee resulting in an issued 1099 at the end of the year. The name or business listed on the W-9 Form must match the payee on the Check Request Form. Please note that a W-9 Form is not required for reimbursements to employees for business expenses. MCGF maintains all W-9 Forms submitted throughout any given year, but shreds all documentation at the end of that year. Therefore, MCGF may request a new W-9 Form to be submitted at the beginning of each calendar year.

Fees

MCGF does not pay or reimburse for late charges or rush fees. Please plan far enough in advance to avoid such fees.

Sales Tax

MCGF is not exempt from paying sales tax on purchases supporting the Institution. In order to avoid paying sales tax, the department should set up a non-sponsored project which is billed to MCGF each month.

Payments to Institutional Employees for Services Rendered

The IRS considers payments to an employee for services to be W-2 taxable wages. As such, payments to employees should be processed by the Payroll Office so that applicable taxes can be withheld. MCGF will subsequently reimburse the Institution for these expenses through a non-sponsored project. Therefore, MCGF does not pay employees directly for services rendered. Likewise, MCGF cannot compensate students for work performed for the Institution.

Retired, Emeritus, & Adjunct Faculty

As with all other types of expenditures, payments to or for the benefit of retired/emeritus/adjunct faculty must have a documented business purpose that benefits the Institution. The fact that these persons are no longer on the active payroll does not exclude supporting their activities as long as the activities directly benefit the Institution and such benefit is sufficiently documented.

Payments to retired, emeritus, or adjunct faculty, that are considered taxable will be reported as non-employee compensation (on Form 1099) or as employee compensation (on Form W-2), depending on the fact of each payment. If the payee is considered an independent contractor, a W-9 Form must be included with the check request. If payment is considered employee compensation, the request must be processed through the Payroll Office.

Meals and Alcohol

MCGF will pay for meals and alcohol (*along with applicable taxes and up to 20% in gratuity*) when provided in conjunction with a business event. Such business events include staff meetings, retreats, allowable parties or receptions, meals with interview candidates and visiting lecturers, etc. IRS rules allow for the payment of meals and alcohol as long as it is "ordinary and necessary" versus lavish and extravagant. If there is any doubt as to whether an expense is lavish or extravagant, please contact the accounting staff at MCGF for approval prior to the expense being made. The following dollar limits are placed on meals:

Breakfast: \$15 per person (*tip and taxes not included*)

Lunch: \$18 per person (*tip and taxes not included*)

Dinner: \$75 per person of which \$25 can be alcohol (*tip and taxes not included*)

At its discretion, MCGF will allow for an increase to the above rates when events are held in cities deemed as having a high cost of living. When Institution employees accompany a guest (such as a guest speaker or interview candidate) to meals, there should be no more than a 4:1 ratio of Institution employees to guests. Note that, in the case of catered meals, MCGF will monitor the number of meals ordered against the number of attendees. In the case that a department continuously submits check requests in which the number of meals ordered significantly exceeds the number of attendees to an event, MCGF will provide written communication of the issue to the fund representatives and request that the department implement an RSVP process. In the event that such check requests continue to be received, MCGF shall, at its discretion, decide whether or not to pay for the expense.

Loans

Providing personal loans to faculty, staff, or students from MCGF funds is prohibited.

Donations

MCGF does not make donations or transfers to other Institutionally-related foundations or not-for-profit entities. The only exception to this rule is in the case of a memorial for a death of an employee or their immediate family member (\$75 limit). Note that immediate family member is defined as a spouse, child, or parent.

Parties & Receptions

MCGF does not pay for holiday parties, farewell parties, or any kind of employee morale events (including the celebration of promotions or the welcoming of new employees). MCGF monies can be used to fund the following parties/receptions:

- A retirement party for a bona fide retirement (not simply a transition from one role or employer to another)
- Graduation parties or the recognition of a fellow/resident completing their program
- Departmental receptions such as at the conclusion of a visiting lecturer

In all instances, the party must still follow [IRS guidelines](#) by not violating the lavish/extravagant rule. The guest list should be kept to those who worked closely with the guest of honor. In order to minimize any confusion about the definition of lavish/extravagant, MCGF has set some practical guidelines to ensure event costs do not violate this rule. The rules are as follows:

- Each guest of honor (i.e. retiree, graduate, fellow, resident) may invite 6 personal guests such as family members or friends. These invitees may not be substituted by employees or affiliates.
- The department can invite a total of 20 attendees (this includes spouses). This limit is the same regardless of the number of guest of honors being recognized.

MCGF encourages departments to submit guest lists and detailed budgets in advance for approval to ensure check requests are not rejected. Note that any events held at a personal residence must be approved by MCGF at least 30 days in advance of the event date. An itemized budget should be submitted for review prior to approval being granted. The dollar limits outlined in the "Meals and Alcohol" section of this policy apply to events held at both public venues and in private residences. Acceptable expenses associated with these approved events include food and beverage, venue fees, table and linen rentals, and centerpieces. However, MCGF will not pay for entertainment such as a piano player or DJ or cleaning services/lawn maintenance for a personal residence.

Gifts

MCGF, in general, does not pay for gifts to employees, volunteers, interns, visiting lecturers or guest speakers, students, etc. This includes, but is not limited to, gift baskets, wedding gifts, birthday gifts, thank-you gifts, and baby gifts. Gifts to celebrate national holidays such as Administrative Professional's Day or National Boss Day are likewise prohibited. Gifts in form of gift cards/certificates in any dollar amount are considered a cash equivalent and will not be reimbursed by MCGF. The following are the only gift exceptions:

- A retirement gift (for a true retirement, not simply a transition from one role or employer to another) of up to \$100.
- Flowers as an expression of sympathy or a get-well wish (such as a death in the immediate family or a sickness-related hospitalization) of up to \$75. In lieu of flowers, a donation can be made to a not-for-profit as a memorial for the same amount.

Travel

- Travel for Campus Employees - All reimbursements for campus employee travel must be processed through a non-sponsored project set up through the Controller's Office. MCGF will reimburse the Institution when billed on a monthly basis. Please contact Barandy Brock at 706.721.2903 or bbrock@augusta.edu. ***MCGF cannot directly reimburse campus employees for travel.***
- Travel for Medical Center Employees - MCGF will reimburse business travel for medical center employees through a completed Check Request Form. MCGF follows the State of Georgia travel policy when reimbursing these employees (including per diem rates). Please include a Travel Authorization Form (which includes a log showing the date, point of origin, destination, and miles driven) with the completed check request.
- Travel for Guests - MCGF will reimburse guest speakers/visiting lecturers/interview candidates for actual travel expenses such as airfare, hotel accommodations, meals, parking and transportation expenses (i.e. taxi or airport shuttle), and mileage on personal vehicles. MCGF will not pay for first class tickets. Original and itemized receipts are required to be included with the check request. The guest's itinerary or event flyer should also accompany the check request.
- Mileage Reimbursements – When a personal vehicle is used for business purposes, IRS regulations allow reimbursement to be based upon a standard mileage rate. The standard mileage rate for 2020 is \$0.575 cents per *allowable mile*. If the employee drives from his/her home directly to a business location that is not the employee's primary place of business, then the *allowable miles* are equal to the total actual miles driven minus the distance between the employee's residence and the employee's primary place of business.

Note that MCGF will not reimburse for missed flights, travel insurance, or transportation via limousine.

Awards to Employees

Awards to employees are considered employee compensation and must be included in the recipient's W-2 taxable wages. In order to ensure proper tax reporting, cash awards must be processed through the payroll system of the applicable entity that employs the award recipient. MCGF will reimburse the paying organization for the award amount plus any associated payroll taxes via a non-sponsored project. Note that MCGF only reimburses for donor-driven awards.

Student Awards

In general, under IRC Section 74, prizes and awards are includable in gross income. Academic awards must be paid through Financial Aid as such awards are taxable to the student recipient. If the student is also an employee (as is the case for research assistants), and the award is associated with the individual's employment position, the payment is considered compensation for services and must be processed through the Payroll Office. The reason for the issuance of the award determines the appropriate tax reporting of the award.

Student Scholarships

MCGF does not pay any students directly for scholarships. Instead, all scholarships should be processed through Financial Aid and will be reimbursed by MCGF. In order to qualify for a scholarship, the student must be enrolled at the university at the time the payment is made.

Under IRC Section 117, scholarships for tuition, books, and fees are not taxable. Any scholarship amount in excess of tuition, books, and fees (such as for room and board) are taxable. Any payment for services that benefit the Institution, regardless of whether it is called an award or scholarship, is considered employment compensation and must be included on the employee's form W-2. For example, payments for tuition and books will be taxable if they are provided to compensate for research or teaching services. All scholarships that are unrelated to services performed, except those for non-resident aliens, are not reportable to the IRS although the student must include the portion of the amount received in excess of tuition, books, and fees as taxable income. According to the IRS, the definition of a qualifying scholarship excludes payments by MCGF (even if for tuition, fees, and books) if the payment requires teaching, research or other services to be performed by the student as a condition for receiving the payment. These employment-related tuition payments are compensation and must be reported on the recipient employee's W-2.

Honorariums

MCGF will pay honorariums for visiting lecturers and guest speakers. However, due to tax implications, MCGF cannot make payments to foreign individuals.

The following is required support to be included with the completed Check Request Form:

- Written correspondence indicating agreement between the department and guest speaker of the honorarium dollar amount.
- A completed W-9 Form.
- A brochure/agenda/invitation/bulletin advertising the event.

Purchases of Property and Equipment

Assets purchased with MCGF funds must benefit the Institution and become Institution property when acquired. An Attachment B is required to accompany check requests to purchase property and equipment over \$5,000. A copy of the Attachment B will be submitted to Corporate Accounting by MCGF. Due to the difficulty in controlling Institution assets, property and equipment should be delivered to an Institution address. Likewise, requests for repairs or maintenance of equipment not located at and billed to the Institution will not be paid.

Dues and Subscriptions

MCGF will pay for The Pinnacle Club and The Commerce Club dues as well as any dues to belong to a professional association or civic organization, provided there is a benefit to the Institution for such membership. MCGF will not pay for country club dues, airline travel clubs, or social club dues. MCGF will not pay for any additional voluntary contributions on behalf of a member.

Retreats

Reimbursement for faculty and staff retreats may be allowable given that they involve bona fide business activities. However, reimbursement for spousal attendance or recreational activities during the retreat is not allowable. MCGF will pay for food and beverage, accommodations, and meeting spaces associated with a retreat where the agenda includes substantial business aspects.

Spousal Attendance

It is not appropriate for spouses to attend business meals or other entertainment activities when all attendees of the function are Institution employees. MCGF may reimburse meal or entertainment costs for an employee's spouse in limited situations, including the following:

- When a visiting lecturer, guest speaker, or interview candidate's spouse is in attendance.
- When spouses are invited and attend any of the permissible parties/receptions discussed in the *Parties & Receptions* section above.

Mixed-Use Expenses

Mixed-use expenses include any items or services purchased that constitute both personal and business use. The process described for payment in each case is designed to comply with IRS rules that prohibit tax-exempt entities like MCGF from providing a personal benefit to an individual employee. When requests for items or services that have the potential for personal use combined with business use are presented to MCGF for payment, MCGF will review facts and circumstances of the situation and obtain all of the information necessary from the requestor to make an appropriate payment determination. A statement from the requestor explaining the business portion of the expense is required to adequately support such payments from MCGF funds.

Endowed Chairs

Endowed chair holders who retire or vacate a chair at any time during the year are allowed a pro rata percentage of the annual (fiscal year) distribution (note that MCGF's fiscal year runs July to June). For example, if the chair holder retires effective December 31, the chair holder will have 50% of the annual distribution to spend during their 6 months of employment at the Institution. When MCGF is informed of the chair holder's upcoming retirement, the distribution will begin being made on a monthly basis. The MCG Foundation recognizes that in exceptional cases, continued funding may be needed to support an endowed chair vacated by a departing or retiring chair holder. The Dean of the Medical College of Georgia or Augusta University Vice President for Research may request, in writing, an extension of funding for a limited time during such a transition. The MCG Foundation Board of Directors will consider these requests on a case-by-case basis.

Miscellaneous

MCGF does not reimburse Institution employees for the cost of cell phones or cell phone usage. Unless pre-approved, MCGF does not prepare checks in advance of services being rendered. MCGF will pay for lab coat laundering as well as departmental drinks and paper supplies (i.e. cups, napkins, plates, etc.) For funds that support research, MCGF can only support research being conducted at the Institution.

Contact Information

Please contact MCGF accounting staff, using the below information, for any questions relating to this policy:

Angela Rees, Chief Financial Officer – 706.823.5510 or arees@mcgfoundation.org

Allie Doolittle, Accounting Associate – 706.823.5503 or adoolittle@mcgfoundation.org