Executive Memorandum No. 17

University of Nebraska Policy for (1) Disbursements from Foundation Donor Accounts, (2) Accountable Plans for Working Condition Fringe Benefits in Relation to Travel, Entertainment and Club Membership Expenses, and (3) De Minimis Gifts to Employees

1. Intent and Purpose

   This policy is adopted to improve accounting procedures associated with requests from University of Nebraska employees for disbursements from donor accounts held by the University of Nebraska Foundation. While the impetus for such improvements is compliance with federal tax laws, other benefits from improved internal accounting controls are also anticipated. This policy shall also set forth changes in the treatment of travel, entertainment and club membership expenses, paid by or on behalf of the University, in compliance with Internal Revenue Service regulations promulgated since the last policy statement concerning these matters was issued. Finally, this policy shall set parameters for de minimis gifts.

2. Requests for Disbursements from Foundation Donor Accounts

   The University of Nebraska Foundation holds a number of donor accounts, used to support a variety of activities of the University of Nebraska, including academic department and college programs, as well as external relations and University development. Each campus and the central administrative unit of the University of Nebraska shall designate an individual or office that shall receive all requests for disbursement from donor accounts. This individual or office shall review the request solely for the purpose of determining whether the transaction will prompt any actions required by tax laws (e.g. withholding of payroll taxes). This individual or office shall not be empowered to determine the scope of authority regarding the use of the donor account or the merit of the nature of the disbursement. However, no disbursement from a Foundation donor account shall be made until the Foundation receives a notice recorded in physical form (e.g. stamp, printed e-mail, written notice) that the individual or office responsible for the tax review described in this paragraph has conducted the review and made arrangements for any accounting measures deemed necessary by such review.

   For the purposes of this policy "donor account" shall mean any account held by the University of Nebraska Foundation, the funds of which are derived from (a) one or more donations to the University of Nebraska Foundation for the benefit of the University of Nebraska or any program or function of the University, or (b) any accrued income earned by such account.

3. Accountable Plans for Working Condition Fringe Benefits in Relation to Travel, Entertainment and Club Membership Expenses

   All campuses and the central administrative unit of the University of Nebraska shall establish "accountable plans" for working condition fringe benefits as that term of art is defined by Internal Revenue Service rules and regulations. Amounts reim

THIRD PARTY PAYMENTS POLICY

Third party payments are those made to University of Nebraska employees from external sources, usually the University of Nebraska Foundation or any athletic booster club. Special attention must be given to those payments made to employees from third party sources when the University determines or directs the amount and recipient of the payment.

This policy does not apply to income received as a result of goods or services (such as consulting) provided by University of Nebraska employees, outside the duties of employment owed to the University of Nebraska, to persons or entities unrelated to the University of Nebraska with which the employee has independently contracted.

Awards or payments made to employees when the University makes the determination of the recipient and the amount of the award or payment will be treated as additional compensation and be paid to the employee through the payroll system. Deductions will be made for income tax withholding, FICA and Medicare. Employer contributions will be made for FICA and Medicare. A wards given to employees from external sources when the University does not in any way recommend or select the recipient, or determine the amount, may be paid directly to the employee by the third party source.

Third party payments to University employees for accountable expense reimbursements are permitted under this policy. Accountable expense reimbursements are those payments made to employees upon the submission of a reimbursement request for personally incurred business related expenses. Such expenses may include travel or entertainment expenses for functions pertaining to or benefiting the University of Nebraska. Receipts or affidavits of the expenses necessary to substantiate the reimbursement must be attached to the reimbursement requests. Accountable reimbursements include, but are not limited to, the University of Nebraska Foundation funded expense allowances provided to the University president, chancellors, and vice presidents and vice chancellors. Expense reimbursements which are not adequately substantiated by documentation will be treated as wage income to the employee and processed as wages through the University's payroll system.

The University of Nebraska and the University of Nebraska Foundation occasionally make travel expense advances to University employees at the direction of University administrative officials. The advances are intended to be repaid once the employee has received a travel reimbursement. Employees must follow established reimbursement procedures to avoid having the advance considered as taxable income and reported on form W-2 with appropriate sums withheld for payroll taxes. Similarly, any sum paid by the Foundation for any moving expense incurred beyond that allowed as a qualified moving expense reimbursement under the Internal Revenue Code will be treated as taxable income and reported on form W-2.

Reference: June 24, 1994
September 3, 1997