



## **Brooklyn College Foundation External Payment Request Submission Policies**

Effective as of July 1, 2020

The Brooklyn College Foundation (BCF) maintains control over the disbursement of its funds by requiring proper approval and consistent application of procedures for payment transactions. This policy seeks to promote fiscal control, timely and accurate disbursement of funds for external purchases and employee reimbursement, in compliance with state and federal regulations, and donor restrictions.

All funds shall be administered with regard to conditions attached to the gift and governing rules.

The following is the criteria, which determines the use of the BCF funds:

1) The use should fall within the donor's intent, as closely as reasonably possible for the gift. With regard to certifying donor intent:

- The Foundation will assign a relationship manager (normally the stewardship officer) who must be copied on all correspondence with donors.
- Foundation relationship manager must document that expenditures conform to the donor intent and pertain to budget categories.
- Where there are no budgets, or where proposed expenditures deviate from an agreed budget, the College Principal Investigator (PI) or other individual primarily responsible for managing the gift or grant, must contact the donor for permission, and such permission must be documented in writing to both Finance and the Foundation relationship manager.
- In exceptional cases where the Colleges CFO or Senior Vice President have remaining open questions about the appropriateness of the expenditure, they may contact the donor directly after consultation with the VP/Executive Director of the Brooklyn College Foundation.
- An Internal Compliance Officer, appointed by the Foundation, will examine all expenditures over \$2,500 against donor intent before checks are signed.
- The use must not jeopardize the BCF's tax-exempt status.
- The use must comply with all applicable statutes and regulations.

2) All disbursements must have the appropriate back-up documentation suitable for auditing purposes.

**\*\*Note:** All BCF payment requests and Non-Tax Levy payroll appointments with supporting documentation are approved and processed through the Fiscal and Business Services Center (FBSC) located in room 1146 Boylan Hall and they can be reached by email at [FBSC@brooklyn.cuny.edu](mailto:FBSC@brooklyn.cuny.edu). Please direct all questions related to BCF payment request policies and/or paperwork, the status of payments, and BCF fund balances to the FBSC at ext. 5241. All questions related to the purpose of a BCF fund and future funding should be directed to the BCF at ext. 5074.

3) These are the BCF payment disbursement guidelines for BC departmental payment requests:

## **I. Authorized Fund Signatories:**

Faculty and administrators at Brooklyn College who are responsible for the administration of a BCF-managed fund serve as the primary authorized signatories. The President, Provost, Associate Provosts, Academic Deans, and College Vice Presidents serve as secondary authorized signatories on BCF restricted funds and will be required to sign-off on expenditures of \$2,500 and above.

The following signatory policies apply to BCF payment request and appointment authorization forms:

- Requests for payments of less than \$2,500 may be signed by any primary authorized fund signatory on a BCF gift/grant administration agreement.
- Requests for payments of \$2,500 and higher must be signed by the relevant Dean, Associate Provost, or Vice President. When the Dean is the primary authorized signatory, the Provost will sign-off on all payment requests.
- The recipient of a payment **cannot** sign off on his/her payment. The payment must be signed-off on by the relevant Dean, Associate Provost, or Vice President. In cases where the Dean is the recipient, the Provost will sign off.
- Any external contract related to a restricted gift or grant will be reviewed by the Foundation's General Counsel prior to being signed and executed by the Foundation.
- In no circumstance may the Primary and Secondary signatory be the same person.

Fund signatories must make sure there are sufficient funds to cover disbursements prior to signing-off on a payment request or an appointment authorization form. Primary and secondary fund signatories receive weekly financial reports from Finance. For questions, please contact Emily Moqtaderi at the Foundation. Requests from funds with insufficient available balances will be returned without processing.

## **II. Payment Requests:**

In order for the FBSC to process a BCF-managed fund payment, an authorized fund signatory must submit a formal request to the FBSC for review and approval. Depending on the type of payment being requested, a BCF payment request form (Appendix 1) or a BCF Non-Tax Levy appointment authorization form (Appendix 2) must be completed, signed, and submitted to the FBSC by the appropriate fund signatory. Departments must complete a new payment request or appointment authorization form for **each** payee. The recipient of a payment cannot sign his/her payment request or appointment authorization form.

See Section II.A. below on when to use a BCF payment request form and when to use a BCF Non-Tax Levy appointment authorization form.

### **A. Types of Permissible Expenditures from BCF Funds:**

- 1) Direct payments to outside vendors for goods or services provided (BCF payment request form required)
- 2) Reimbursements to individuals for out-of-pocket expenses (BCF payment request form required)

3) Employee salaries (BCF Non-Tax Levy appointment authorization form required):

- a) Under common-law rules, anyone who performs services/work in return for payment is an employee **if the employer can control what will be done and how it will be done**. This is true even when the employee has freedom of action. What matters is that the employer controls how the services are performed.
- b) Based on the IRS rulings on employee vs. independent contractor determinations, the following individuals are treated as Brooklyn College ("College") Non-Tax Levy employees:
  - i) All faculty and staff who receive salary supplements from the Brooklyn College Foundation, Inc. ("Foundation"). This includes recipients of professorships and chairs.
  - ii) All faculty and staff who receive grants to perform a limited number of services outside of their duties, but who are still supervised and controlled by the college.
  - iii) All faculty and staff hired to administer programs funded by the Foundation and are supervised and controlled by the college.
  - iv) All students who, as a condition of receiving grants, act as teaching assistants, research assistants, or tutors while being supervised by college personnel.
  - v) All students who are paid by the Foundation to serve as outside interns at various companies, such as Morgan Stanley, Citibank, etc., but are supervised by an internship coordinator at the College.
- c) Employee taxes will be deducted from each employee's paycheck.

4) Payments to independent contractors/consultants (BCF payment request form required):

- a) According to the IRS, independent contractors are individuals who are in an independent trade, business, or profession in which they offer their services to the public. However, whether these people are independent contractors or employees depends on the facts in each case. The general rule is that an individual is an independent contractor if the payer controls or directs only the result of the work and not what will be done and how it will be done. An individual is not an independent contractor if they perform services that can be controlled by an employer (what will be done and how it will be done). This applies even if that individual is given freedom of action. What matters is that the employer has the legal right to control the details of how the services are performed.
- b) **College employees performing consultant or administrative work for college-related programs are *not* independent contractors and will have to be paid as employees through the BC Non-Tax Levy payroll.**
- c) Payments to independent contractors/consultants must be reported as taxable income to the IRS at the end of the year on a Form 1099-MISC.

5) Honoraria (BCF payment request form required):

- a) According to the IRS, an honorarium is a non-obligatory payment for services where a price is not set. These payments are usually made to guest speakers, lecturers, or volunteers, that are not a college employee, as a "thank you." An honorarium is not a contractual agreement (i.e. fee for services) based on an agreed amount between the individual providing services and the individual seeking services.
- b) **Note that honoraria may not be paid to companies/businesses or College employees.**
- c) Honoraria must be reported as income to the IRS at the end of the year on a Form 1099-MISC.

6) Student scholarships, awards, and prizes (BCF payment request form required):

- a) Student scholarships, awards and prizes must be processed through the Brooklyn College Office of Scholarships and will be made payable to Brooklyn College. All payments are applied towards each student recipient's tuition account. Scholarships, awards, and prizes that are contingent upon substantial, supervised work (other than independent work that furthers the student's education) will be taxable.
- 7) Travel awards (BCF payment request form required):
  - a) Travel awards may be made payable directly to recipients, as long as the recipient went through a formal selection process based on the donor's award selection criteria.
  - b) Travel awards must be reported as income to the IRS at the end of the year on a Form 1099-MISC.
- 8) Faculty awards (BCF payment request form required):
  - a) Faculty awards may be made payable directly to recipients, according to the donors' wishes, however, the recipient must be selected without any action on their part and doesn't have to render future services in order to receive the award.
  - b) Faculty awards must be reported as income to the IRS at the end of the year on a Form 1099-MISC.

#### **B. Back-up Requirements for Payments from BCF Funds:**

In order for a payment request or appointment authorization form to be processed, departments must attach the appropriate back-up documentation. Different scenarios require different forms of documentation as follows:

- 1) First-Time payments to payees/vendors:
  - a) Anyone receiving a payment from the BCF for the first time that is not a reimbursement must submit a completed W-9 Form (Appendix 3).
- 2) Payments to vendors:
  - a) Departments must submit an original invoice from the vendor that includes an invoice number, a description of services/merchandise being purchased, and the total amount due. If only a copy of an invoice is available, departments must submit either a signed memo or a note and signature on the invoice copy, explaining why the original invoice is not available and confirming that the invoice has not been submitted anywhere else for payment.
  - b) **Note:** The BCF is exempt from New York State's sales tax for direct payments to vendors. To avoid being charged sales tax, departments must provide vendors with the BCF's sales tax exemption number which will be given when you contact the BCF at ext. 5074.
- 3) Reimbursements (general policies):
  - a) Departments must submit proof of payment for all reimbursements. Acceptable forms of proof of payment include an original itemized receipt or invoice or a signed letter from the vendor indicating that the item has been paid for in full. If this type of receipt is not available, other acceptable forms of proof of payment may vary based on payment type:
    - i) *Purchase paid for by cash:* original itemized receipt/invoice indicating that item was paid for in-full by cash—this is the only acceptable proof of payment.
    - ii) *Purchase paid for by check:* itemized invoice, and a copy of the cashed check (accessible through an online banking account).
    - iii) *Purchase paid for by credit card:* itemized invoice, and a copy of the portion of the credit card statement that includes the charge to be reimbursed. Please omit all but the last four

digits of your account number, and any information not directly related to your reimbursement.

- b) If an original receipt is not available, the BCF may only reimburse items that are **no more than \$75** with authorized fund signatory approval and submission of a signed memo that details the expense. **Expenditures over \$75 lacking a receipt cannot be paid under any circumstance.**
- c) Departments must make sure that payment requests match the invoice/receipts submitted.
  - i) All receipts should be scanned and included with the payment request. If multiple receipts are submitted, please number each receipt and submit a numbered list of the corresponding receipts submitted.
- d) Please note that a W-9 Form **is not** required for reimbursements. The FBSC processes reimbursements related to travel expenses after the date of travel. To receive reimbursements for transportation expenses, departments must submit proof of travel (i.e. boarding passes) along with receipts (see travel reimbursement policies in section III for more information).

4) Employee salaries\*: BCF restricted funds may not be used to pay employee salaries directly. Moneys from BCF-managed funds must be encumbered first and then transferred for payment to BC Non-Tax Levy employees. **\*Note:** Employee taxes (i.e. Medicare, Social Security) will be deducted from each employee's paycheck. When calculating available funds for salary, departments must make sure that the money available in their BCF- managed funds covers the employer's share of taxes and fees (15% of a BC Non-Tax Levy employee's base salary). If insufficient funds are available, then departments must adjust base salaries accordingly.

- a) To request a new employee appointment, the supervising department must complete and submit a BCF/Non-Tax Levy Appointment Authorization Form to the FBSC at least one month prior to the targeted pay date for review and approval. This form will specify the total appointment amount (base salary for the fiscal year) and the total amount to be charged to the BCF-managed fund for the appointment.
  - i) Supervising departments must submit new appointment authorization forms for ongoing employees at the beginning of each new fiscal year (July 1- June 30).
  - ii) When appointing ongoing salaried administrative support staff, supervising departments create a budget for the employee appointment for the fiscal year.
  - iii) Professorship/chair appointments are made at the beginning of a fiscal year, and bi- annual payments are processed in December and June. The BCF recommends that fund signatories advise recipients of large payments to contact their tax advisors regarding W-4 claims and withholding.
  - iv) When appointing student interns/fellows, supervising departments must submit to FBSC an appointment authorization form for review and approval at least one month prior to the pay date. Such salaries are issued as one-time flat payments through payroll.
- b) Once the FBSC approves an appointment request, they will work directly with the supervising department to answer all employment-related questions, collect HR documents, and discuss payroll schedules and timesheets. The pay will come out of the BCF's fund that they've budgeted. **Employees must not work before FBSC receives and approves their employment paperwork.**

5) Payments for consultant and independent contractor fees:

- a) Departments must submit an original invoice from the payee that includes the invoice number, brief description of work completed, dates of service, and the amount due. A copy of the signed contract between the consultant and department must also be submitted. If only a copy of an invoice is available, departments must submit either a signed memo or a note and signature on the invoice copy, explaining why the original invoice is not available and confirming that the

invoice has not been submitted anywhere else for payment.

b) **College employees may not be paid as consultants or independent contractors.**

6) Honoraria:

- a) For all honorarium requests, departments must clearly explain the honorarium's purpose in the description section of the payment request form. If the honorarium is event related, proof of the event (i.e. event flyers) should be submitted as well. For larger requests (\$1,000+), at the discretion of the FBSC, they may require a signed memo with justification of the honorarium amount.
- b) Honoraria that must be paid in advance must be pre-approved by the FBSC.
- c) Honoraria are taxable income, but reimbursements for honorarium expenses are not taxable therefore reimbursement requests should be submitted separately along with original receipts.
- d) If an individual or company charges a rate or fee for his/her services, the payment is not called an honorarium.
- e) **College employees may not receive honoraria.**

7) Student scholarships, awards, and prizes:

- a) Student scholarships, awards, and prizes are paid directly to Brooklyn College.
- b) The Scholarship Office submits to FBSC a detailed invoice including the scholarship recipient names, corresponding scholarship names and fund ID numbers, and the scholarship amounts. This must be accompanied by a signed BCF payment request form requesting payment of the total invoice amount to Brooklyn College.

8) Travel awards:

- a) After a travel award recipient is selected, the authorized fund signatory must submit a completed and signed payment request form to the BCF along with a signed memo confirming that the individual has been selected to receive the travel award, and a donor acknowledgement letter from the recipient.
- b) Travel awards are taxable (recipients will receive a Form 1099- MISC at the end of the year). Additional requirements for travel awards may apply and vary based on donor gift criteria.

9) Faculty awards:

- a) Once a faculty award recipient is selected, the authorized fund signatory must submit a completed and signed payment request form to the FBSC along with either a copy of the award letter addressed to the recipient or a signed memo confirming that the individual has been selected to receive the award.

10) Pre-payments: The BCF is not able to make advance payments. If a vendor requests a pre-payment, please reach out to Finance.

### **III. Travel Reimbursement Policies:**

Travel reimbursements shall only be issued from funds and/or include budget lines that allow for travel reimbursements in accordance with donor gift agreements. To be reimbursable, the BCF requires that the travel expenses are reasonable and necessary and that individuals exercise prudent judgment.

1) Applying for Expense Reimbursement: Reimbursement for official travel is made for meals, lodging,

transportation, parking, and certain incidental expenses. Reimbursement for travel expenses must be submitted on a BCF payment request form accompanied by a completed BCF Travel Voucher with all original, itemized receipts, and other documentation necessary to substantiate items listed.

- a) Original, itemized receipts are required for all expenses over \$25. These receipts must detail what item(s) were purchased, when and from what vendor. All original receipts are to be numbered and taped to an 8 ½ by 11 piece of paper. If a receipt is not available, the item may be paid, up to a \$75 limit, upon authorized fund signatory approval and submission of a signed explanation of the Amount; Time and Place; Name(s) of Person(s); and Business Purpose of each expense with the reimbursement request. Expenses **that are over \$75 without an itemized receipt cannot be paid under any circumstance.**
- b) Related to *Adequate Records*, the IRS requires that:
  - i) **All** lodging expenses **must** be documented with an **itemized receipt**.
  - ii) For air travel involving e tickets, proof of purchase by either fax or e- mail from the agent is required along with proof of travel (e.g., boarding pass).
  - iii) For credit card purchases by phone, ask the vendor to fax or e-mail confirmation of the purchase. If no receipt is available for expenditures of \$75 or less, submit a signed memo explaining why.
  - iv) Foreign expenses must be submitted in U.S. dollars using the exchange rate in effect during the dates of travel. Please refer to the following web site to calculate international currency exchange rates: <http://www.oanda.com/currency/historical-rates>.

2) Transportation Reimbursements:

- a) **Air Travel:** When the most efficient means of transportation is air travel, reimbursement will be limited to coach fare except for the instances noted below. If an employee wants to upgrade their travel class, they can do so by personally paying the incremental cost.
- b) **Transportation to and from Hotels and Terminals:** Whenever practical, the most economical mode of transportation should be used to and from hotels, terminals (air and rail), and appointments. These expenses (including gratuities) will be reimbursed. When making reservations, travelers should ask if the hotel provides complimentary shuttle service to and from airports.
  - i) **Automobile Rentals:** Automobile rentals must be limited to situations where other means of transportation are not practical, economical, or available, and to emergency situations. As a general rule, the most economical vehicle should be used. When the traveler rents a car, the Collision Damage Waiver (CDW) or Loss/Damage Waiver (LDW) insurance should be purchased.
  - ii) **Personal Automobile Travel:** Reimbursement for use of personal automobiles by employees traveling on business will be at the current IRS-approved mileage rate. The traveler is to keep a record of all mileage driven to justify mileage claimed. For automobile travel from the College, mileage at the current reimbursement rate and tolls will be reimbursed, but will be limited to the lowest airfare available. The traveler must have insurance for their personal vehicle used.  
Gas, oil, insurance premiums, repairs, or other costs are included in the mileage rate and will not be reimbursed. Fines for automobile violations or personal misconduct will not be reimbursed.

3) Reimbursements when Traveling Abroad: Foreign travel requires full compliance with the BCF travel policy and any policy exceptions must be approved in writing by the BCF in advance. When renting a commercial vehicle, check to see if an international driver's license is needed and get Collision

Damage Waiver insurance coverage. Vehicle insurance expenses are reimbursed to international travelers. Requests to be reimbursed for foreign expenses must be submitted in U.S. dollars using the exchange rate in effect during the dates of travel. Please refer to the following web site to calculate historical international currency exchange rates:

<http://www.oanda.com/currency/historical-rates>.

- 4) Conference Registration Fees: Conference or meeting registration fees may be paid by the BCF directly to the conference organizer by completing a BCF payment request form and attaching the registration materials. Payment may also be made by staff with a personal check or credit card; staff may request reimbursement as long as he or she submits sufficient proof of payment (see above instructions on reimbursements in Section IIB3 above).
- 5) Lodging Reimbursements: Hotel reservations may be made by contacting hotels directly and arranging them for the best rate available. The BCF limits on reimbursements for lodging are \$170/night before taxes. Department directors may approve lodging reimbursements above the BCF limit in certain instances such as if they are attending a conference where the hotel rates are above the BCF limit or if there is no affordable or convenient lodging in the area of their stay. If the maximum limit is being reimbursed (i.e., \$170), the taxes on only that amount will be paid. The traveler can stay at the hotel where a meeting, convention, or conference is being held, or at a nearby, moderately priced hotel. The actual detailed hotel bill is required for reimbursement. Hotels should be guaranteed for late arrival with the traveler's personal credit card. Travelers may claim exemption from the State hotel occupancy tax when traveling on official business. To avoid being charged sales tax on hotel reservations, travelers must provide the hotel with the BCF's sales tax exemption number which can be found by contacting the BCF at ext. 5074.
- 6) Meals: Reasonable meal expenses will be reimbursed, including gratuity. Effective May 2009, the BCF will reimburse up to \$14 for breakfast, \$20 for lunch, and \$30 for dinner if detailed receipts are provided. If insufficient or no receipts are provided, the BCF will pay maximum federal per diem rates for the location in which the meal expense was incurred (no exceptions). For a list of federal per diem rates, see IRS Publication 1542 at [www.gsa.gov](http://www.gsa.gov). If a person is travelling all day, he/she may combine the allowances into one per diem amount and reallocate the per-meal allowances as desired (e.g., spend more on lunch and less on dinner). However, the combined rate of \$64 with receipts or the federal rate must be followed. This does not apply to people who are not in travel status all day. If a meal is provided during a meeting or conference, no reimbursement will be made for substitute meals without justification (i.e. dietary restrictions).
  - a) The reasonable costs of gratuities to porters, bellhops, and other service personnel will be reimbursed.
  - b) BCF policy is not to reimburse alcoholic beverages and if they are incurred, payments should be billed separately and paid for by the individual directly. Exceptions may be made in special circumstances for certain donor, advancement, recruitment, visiting artists/lecturers, external reviewers, and similar purposes, determined in advance by the BCF in-writing (email is sufficient), and are backed-up with the payment request form.
- 7) Dry Cleaning or Laundry Service: When travel lasts longer than a week, the BCF funds may be used to reimburse a traveler for dry cleaning and/or laundry use. Exceptions will be allowed for international travel where the schedule requires minimal free time.
- 8) Telephone Calls: Business telephone calls will be reimbursed with appropriate documentation.



- 9) Entertainment: Reimbursements will not be made for entertainment expenses unrelated to business, such as, in-room movies, theater, etc.
- 10) Expenses Other Than Travel/Transportation, Lodging, and Meals: Receipts should be attached to the BCF Travel Expense Report for all other expenditures. See policies above related to appropriate documentation and receipt submission.

#### **IV. Impermissible BCF Disbursements/Reimbursements:**

- 1) No expenditure, director indirect from a BCF account, may be made for charitable contributions, dues to social clubs, and fines or penalties, unless its pre-approved by the BCF.
- 2) No expenditure, direct or indirect from a BCF account, may be made for political contributions.
- 3) Reimbursements will not be made for expenses unrelated to college business entertainment expenses.
- 4) The BCF is unable to issue employee payments to individuals who are not authorized to receive payment for services rendered in the U.S.
- 5) Expenditures that result in a personal benefit to the payee are forbidden by the BCF. Gift certificates are considered taxable income by the IRS and cannot be purchased with the BCF funds.
- 6) The FBSC will not accept any request for payment via email and/or telephone.

#### **V. Transferring moneys from a BCF account to a BC Member Organization or BC Non-Tax Levy Operating account:**

All permissible BCF account expenditures should be paid directly from BCF accounts. This enables the BCF to maintain accurate records as required for compliance with state and federal regulations, for audit purposes, and for accurate reporting to funders. If it is necessary to transfer moneys from a BCF account to a BC Member Org. or BC Non-Tax Levy Operating account for OTPS expenses, you may do so by following these steps:

- 1) Contact Alan Gilbert, Senior Vice President for Finance and Administration at ext. 5116. Mr. Gilbert will generate an invoice from BC Member Org. or BC Non- Tax for the requested expenditures.
- 2) Submit this original invoice (and any other documentation) along with a payment request form to the FBSC for processing. The FBSC will charge the appropriate account and cut a check payable directly to Brooklyn College.

## **VI. Check Distribution:**

Payments are made electronically by FBSC directly to the recipient using the information included on the payment request form. Check payments will only be made if no electronic alternative exists. If payment must be made via physical check, FBSC will process and mail to the address indicated on the payment request form.

## **VII. Voiding or Reissuing BCF checks:**

To request a void or reissue, an authorized signer must submit to the FBSC a brief explanation and signed memo along with the check if its available. If it is not available, the bank must stop payment on the check, which will take additional time and money.