

Applies to: Any person who spends, uses, or benefits from college funds.

Responsible Office**Business and Finance**

POLICY STATEMENT

As a major public institution, Central Ohio Technical College is held to a high level of accountability for its business practices. Numerous constituencies, including students, taxpayers, alumni, the State of Ohio, and the federal government have an interest in how the college spends its money. Accordingly, every reasonable effort must be made to ensure that funds are used in a responsible and appropriate manner.

Faculty and staff with approval authority for expenditure transactions are expected to exercise judgment and make a good-faith attempt to follow both the letter and the spirit of the expenditure policies. When dealing with ambiguous circumstances, faculty and staff should seek guidance from a Business and Finance department representative, as appropriate, and document the reasoning behind their approval decisions.

Purpose of the Policy

To promote expenditure decisions that are consistent with the college mission, applicable law, and ethical practice.

Definitions

Term	Definition
Approval authority	Authority granted by the Unit Budget Manager listing.
Business purpose	Written statement that explains the reason/justification behind the action being taken of the transaction being made. Must include details of the action/transaction (who, what, when) and how/why the action/transaction benefits the mission of the college. When applicable, must include attendee list (name, affiliation, title) and other supporting documentation.
Discretionary funds	Gifts made to a college or administrative area with only a broad restriction that they be used to benefit a particular area. It should be noted, however, that regardless of this broad restriction, college policies still apply to the use of discretionary funds.
Exception	Any violation of or noncompliance with a college policy issued by the Business and Finance office.
State funds	Includes all college funds except for discretionary funds.
Non-cash item	Gift of personal property with value. Some examples include clothing, mugs, portfolios, and umbrellas.

Policy Details

- I. Overview
 - A. Certain types of expenditures require particular caution, including those for alcohol, food and beverages, recruiting expenses, gifts and entertainment, employee recognition/functions and use of college telephone services. These are detailed in the Procedure section.
 - B. Every expenditure transaction must be supported by a valid **business purpose** and an itemized receipt or equivalent documentation and be approved by an authorized approver unless otherwise noted in this policy.
 - C. Expenditures made without consideration of the college's approved procurement methods (see Purchasing policy) and policies may be denied for reimbursement or may require the individual to reimburse the college.
- II. Applicability and Restrictions
 - A. These rules and restrictions apply to:
 - 1. All types of college funds.

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2. All payment methods, including college procurement cards, travel-related payments, purchase orders, petty cash reimbursements, and any other payment mechanism.
- B. Individual fund restrictions imposed by donors, granting agencies and other resource providers may further limit allowable expenditures.
- III. Approvals
 - A. **Approval authority** as it relates to this policy is outlined in the college's Purchasing policies.
 - B. The Budget Office maintains a current Unit Budget Manager listing, which serves to designate college personnel with whom approval authority rests. This listing is to be updated at least on an annual basis.
- IV. **Exceptions**
 - A. The dollar limits set forth in this policy are maximum dollar limits.
 - B. The Vice President of Business and Finance has the authority to approve, on an occasional, non-recurring basis, college expenditure policy exceptions. Exceptions may be documented in a log by the Office of Business and Finance which includes the purpose and rationale for granting the exception. Some examples include:
 1. Exceptions on alcohol purchases.
 2. Exceptions on group business meals.
 3. Exceptions on purchasing/ordering goods or services prior to a purchase order being issued.
 - C. Exceptions to obtain original, itemized receipts can, on an occasional, non-recurring basis, be accepted by Business and Finance personnel provided adequate justification and documentation can be supplied to validate the expenditure.
 - D. Policy exceptions for vice presidents must be approved by the Office of the President.
- V. Sales Tax and Use of Personal Funds
 - A. The college is exempt from paying State of Ohio sales tax.
 - B. Tax exemption certificates are obtained from the Business and Finance – Purchasing's website.
 - C. Employees are encouraged to use a purchase order or procurement card, as opposed to personal funds, when procuring items for the college.
 - D. When employees purchase items on behalf of the college using personal funds, they will be reimbursed for the cost of the item less any sales tax. For this reason, college provided purchasing methods are encouraged.
- VI. Spouses, Partners, Children and Guests
 - A. As a general rule, meal and entertainment expenses for spouses, partners, children, and guests should not be charged to college funds.
 - B. Exceptions to this general rule include:
 1. Attendance at employee recognition events when the related employee is being recognized.
 2. Participation recruiting, fundraising, promoting the college and entertaining guests of the college, provided that the individual has a bona fide business purpose for attending the event.
 - C. Expenditures for spouses, partners and guests require written documentation of the business purpose and approval by the Vice President of Business and Finance (and Ohio State Newark Dean/Director if cost-shared).

PROCEDURE

- I. Alcohol
 - A. The purchase of alcohol in connection with college business is discouraged. If alcohol is considered necessary, due care must be exercised.
 - B. As a general rule, alcohol cannot be charged to **state funds**. In certain circumstances, such as academic program use, alcohol purchases may be justified for business-related purposes.
 - C. Alcohol purchases other than for academic use must be charged to **discretionary funds** and must have documented approval (e.g. signature or direct e-mail) of the Vice President of Business and Finance.
 - D. Amounts expended for the purchase of alcohol must be reasonable. For purposes of this policy, reasonable is typically defined as no more than \$25 per person (excluding taxes and tip).

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- E. To request permission to serve alcohol or to obtain a temporary alcohol permit or application, refer to the college's Alcohol and Other Drugs policy.
- II. Recruiting Expenses (Meals, Entertainment, Travel, Moving)
 - A. The college may reimburse recruiting expenses incurred by college personnel, the person being recruited and other appropriate individuals.
 - B. Recruiting expenses must be reasonable, prudent, and commensurate with the position being recruited.
 - C. A business purpose and itemized receipts are required for reimbursement of all recruiting expenses.
 - D. The payment of recruiting expenses (generally meals, entertainment, and/or travel) may occur in one of the following ways:
 - 1. Reimbursement to college employees, the recruit, or to appropriate individuals.
 - 2. Direct payment to vendors.
 - E. Meals as a Recruiting Expense
 - 1. IRS rules require documentation of the time, date, place, business purpose and attendees at the meal.
 - 2. Tips for business meals for recruiting are allowed. The tip must be reasonable, not to exceed 20% of the total bill.
 - 3. Alcohol may be reimbursed in accordance with this policy (refer to section I under Procedure).
 - F. Travel and Moving as a Recruiting Expense
 - 1. Travel expenditures may be paid or reimbursed in accordance with the college's Travel policy.
 - 2. When a recruit accepts an offer of employment with the college, relocation expenses will be paid for in accordance with Human Resources Recruitment policy (2.7.10).
- III. Employee Recognition
 - A. The college recognizes the contributions of its employees in achieving its overall mission and encourages departments to acknowledge these contributions through programs developed for employee recognition.
 - B. Such programs include formal award programs, appreciation of service programs and other miscellaneous expenditures as follows.
 - 1. Formal Award Programs
 - a. Awards may be given in accordance with the Office of Human Resources Rewards and Recognition policy (2.6.50).
 - b. All cash and gift card awards, regardless of amount, represent taxable income to the individual.
 - c. All cash and gift card awards must be reported to Human Resources/Payroll for income reporting and withholding.
 - 2. Appreciation of Service Program
 - a. It is appropriate to occasionally recognize an individual employee or group of employees for extraordinary performance relating to their current position, or to recognize and honor service when an employee departs the college by resignation or retirement.
 - b. Expenditures related to such recognition events should be limited to those which are work related and should not include those events which are of a personal nature such as birthdays, wedding, baby showers, etc.
 - c. Expenditures for work-related recognition events may be made at the discretion of the senior administrative level and should be reasonable in light of the particular situation.
 - d. Gifts given in conjunction with appreciation of service programs are subject to the same IRS rules as awards.
 - 3. Miscellaneous Expenditures for Employees
 - a. The college may offer acknowledgement/support (not to exceed \$100) to its employees in the event of:
 - i. The birth or adoption of a child.
 - ii. The death of an immediate family member as defined by the Office of Human Resources Family and Medical Leave policy (2.6.41).
 - iii. Injury or illness of an employee or his/her immediate family member.

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- b. The acknowledgement may include flowers, a fruit basket or other **non-cash items**, and should be initiated at the department level and coordinated with the Office of Human Resources or the Office of the President utilizing discretionary funds.
- c. In the case of death, if so, requested by the family, a charitable contribution may be substituted and made to only named, not-for-profit charities with a public service mission.
- d. The above-mentioned expressions of acknowledgement/support are considered de minimis fringe benefits from an IRS perspective, and therefore do not represent taxable income to the employee.

IV. Business Meals

- A. The college may pay for properly documented meal expenses that fall into one of the categories of: overnight travel meals (refer to Travel policy), business meals, college functions, or non-college functions.
- B. Reasonable tips, not to exceed 20% of the total bill, are allowed.
- C. Alcohol may be reimbursed in accordance with this policy (refer to section I under Procedure).
- D. Business Meals
 - 1. The college may pay or reimburse properly documented meals whose primary purpose is a business discussion.
 - 2. To qualify as a business meal under this policy, the attendees must include at least one non-college employee whose presence is necessary to the business discussion. Meetings attended solely by college employees and gatherings that are primarily social in nature do not qualify for payment or reimbursement as business meals.
 - 3. Expenses may be incurred only for those individuals whose presence is necessary to the business discussion.
 - 4. The college will not pay or reimburse business meal expenses that lack documentation or a clear valid business purpose.
 - 5. IRS rules on substantiation of business expenses require the following documentation:
 - a. Original, itemized receipt.
 - b. Time, date, and place of meal.
 - c. Business purpose.
 - d. List of attendees.
 - 6. Documentation requirements apply to all on-campus and off-campus business meals, regardless of payment method.
 - 7. Expenditure amounts for business meals must be reasonable.

E. College Functions

- 1. College funds may be used to provide food at a seminar, retreat, workshop, orientation, or other college function. Invoices, payment requests or procurement card receipts for these expenditures must include a brief description of the business purpose of the gathering and a list of attendees.
- 2. Under this policy, college funds may be used on an occasional basis to provide food and/or refreshments at board meetings, meetings with external stakeholders (alumni, state government, community groups, etc.), activities involving volunteers, and activities in which the majority of the participants are students.
- 3. Provision of food at gatherings of college employees on a daily, weekly, monthly or similar recurring basis, or payment for meals associated with one-on-one meetings of college employees are not considered to be an appropriate use of college funds. However, food may be provided at meetings of college employees on an occasional basis in which the employees are required to be working through a reasonable meal period. Expenditures should be limited to food and non-alcoholic beverages, and a formal business discussion must be the primary purpose for the gathering. Where possible, senior administrative members should use discretionary funds to pay for meals provided to groups of college employees.

F. Non-College Functions

- 1. College funds may be used to pay for registration fees for conferences, seminars or other meetings that provide lunch and/or refreshments during the program.

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2. If a non-overnight program specifies that lunch is “on your own,” the college will not pay for or reimburse that meal.
- V. Professional Membership Dues and Subscriptions
 - A. The college may pay membership dues to professional organizations and subscriptions to professional journals or newspapers if they are appropriate for the individual’s position and duties and if the membership or subscription benefits the college.
 - B. Departmental coordination of subscriptions is encouraged to avoid duplication.
 - C. Union dues will not be paid by the college.
- VI. Entertainment (excluding Student Activities)
 - A. The college may pay or reimburse expenditures relating to entertainment when the purpose is fundraising, promotion of the college, or entertainment for guests of the college by designated college officials.
 - B. For purposes of this policy, “designated college officials” include president, deans, vice presidents, advancement officers, senior administrators, and other employees who have been asked to serve in a host capacity.
 - C. Examples of entertainment expenditures include food, beverages, admission charges, flowers, mementos, and other miscellaneous expenses.
 - D. Entertainment expenditures must be reasonable, prudent, appropriate to the occasion and consistent with the college’s mission.
 - E. All entertainment expenditures require the approval of the President (and Ohio State Newark Dean/Director if cost-shared).
- VII. Payment for Services
 - A. All individuals providing services to the college must be paid directly by the college.
 - B. The college will make the final determination between independent contractor and employee status.
 - C. Payments to individuals classified as employees are processed by Payroll.
 - D. Payments to individuals classified as independent contractors are processed by Purchasing and Accounts Payable.
 - E. If an employee pays another individual to provide services, the college will not reimburse the employee for these expenditures.
 - F. Individuals must provide their completed Vendor Information Form to the Purchasing Office before a requisition can be entered. An invoice from the individual stating the date, time and description of services rendered is required before payment is issued.
- VIII. Direct Vouchering
 - A. On occasion, the college pays vendors directly for good or services. In these cases, a standard requisition is used to process the request through purchasing within guidelines. Examples of when something may be processed in this manner:
 1. Travel/mileage reimbursements.
 2. Withholding payments.
 3. Other miscellaneous (determined by Accounting).
 - B. Documentation is required for the college to issue payment for the voucher. Documentation includes the following:
 1. Explanation of the event.
 2. Description of the business purpose.
 3. Invoice, or for honorariums a confirmation of payment amount by vendor prior to services.
 4. Completed Vendor Information form.
- IX. Control over Expenditure of Gifts
 - A. Charitable contributions are typically provided by a donor to support a specific activity (e.g. scholarships).
 1. All such gifts to the college are considered the property of the college and must be processed through the Advancement Office.
 2. The responsibility for the expenditure of these funds resides in the appropriate department, which can ensure that the funds given for a specific purpose are used for their intended purpose.

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- B. The college recognizes and encourages charitable contributions by faculty and staff members, including contributions designated to support programs and activities in their departments.
 - 1. Expenditure of these contributions remains subject to and governed by the Expenditures policies of the college.
 - 2. The donor (faculty/staff member) cannot have direct control or approval authority over expenditure of his/her gift funds.
 - 3. In the event an employee terminates employment with the college, his/her unspent designated contributions remain the property of the college.
 - 4. To ensure appropriate control over these funds and compliance with federal tax laws, all expenditures of designated contributions must:
 - a. Be made for a legitimate business purpose that furthers the institution's mission (i.e., teaching, research, and public service) and be within the specific restrictions set forth in the fund's description.
 - b. Comply with the college Expenditure, Travel and Purchasing policies.
 - c. Be approved at the appropriate level and be consistent with established lines of authority within the college.
 - 5. Under no circumstances may designated contributions be expended for items of a personal nature (i.e. lacking a legitimate business purpose).
- C. The above requirements are necessary to minimize the possibility that the Internal Revenue Service will question the charitable nature (and deductibility) of contributions to the college. In Private Letter Ruling 9405003, the IRS defines a charitable contribution as a "voluntary transfer of money or property that is made with no expectation of procuring a financial benefit commensurate with the amount of the transfer. In addition, a gift is not considered a contribution 'to' a charity if the facts show that the charity is merely a conduit to a particular person."
- D. Any question regarding gift arrangements should be directed to the Advancement office.
- X. Policy Violations
 - A. The college may require successful completion of training.
 - B. The college may enforce corrective action up to and including termination, in accordance with applicable policies or rules.
 - C. The college may seek restitution, as appropriate.
 - D. Criminal charges may be filed, as appropriate.

Responsibilities

Position or Office	Responsibilities
Department	<ul style="list-style-type: none"> A. Ensure that management practices follow Expenditure policy. B. Seek consultation from the Business and Finance Office to resolve any questions.
Business and Finance Office	<ul style="list-style-type: none"> A. Review expenditures for compliance with Expenditures policy.
Employees	<ul style="list-style-type: none"> A. Review all applicable policies to understand and comply with expectations.

Resources

Alcohol and Other Drugs Policy (1.1.25)
 Recruitment and Selection Policy (2.7.10)
 Rewards and Recognition Policy (2.6.50)
 Family and Medical Leave Policy (2.6.41)
 Purchasing Policy

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Travel Policy

Cellular Services Stipend Authorization Form
Vendor Information Form

Contacts

Subject	Office	Telephone	E-mail/URL
General policy questions	Business and Finance	(740) 364-9629	white.739@mail.cotc.edu
	Business and Finance	(740) 366-9233	sibert.13@osu.edu

History

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