

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

**Responsible Office**

**Office of 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 the Accounting and/or Purchasing 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.

### Table of Contents

<b>POLICY</b> .....	<b>1</b>
Purpose of the Policy .....	1
Definitions .....	1
Policy Details .....	2
<b>PROCEDURE</b> .....	<b>3</b>
Responsibilities .....	7
Resources.....	7
Contacts .....	7
History .....	8

### 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 Office of Business and Finance.
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.

---

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

---

## Policy Details

- I. Overview
  - A. Certain types of expenditures require particular caution, including those for alcohol, food & beverages, recruiting expenses, gifts and entertainment, employee recognition/functions and use of college telephone services. These are detailed in the procedures 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 will require an Exception Approval Request Form and 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
    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 college vice president of business and finance has the authority to approve, on an occasional, non-recurring basis, college expenditure policy exceptions. All exceptions must be documented in a log by the Office of Business and Finance which includes the purpose and rationale for granting the exception. All exceptions must be submitted on the [COTC Exception Approval Request Form](#). Some examples include:
    1. Exceptions on alcohol purchases
    2. Exceptions on group business meals
  - C. Exceptions to obtain original, itemized receipts can, on an occasional, non-recurring basis, be accepted by the Accounting/Purchasing department 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 from 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, promotion of the college and entertainment of guests of the college, provided that the individual has a bona fide business purpose for attending the event.

---

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

- C. Expenditures for spouses, partners and guests require written documentation of business purpose and approval by the vice president of business and finance (and OSU 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 President.
  - 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).
  - 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 Procedure section Alcohol).
  - 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.

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

- 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 or 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. A 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
  - 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 and utilize 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. 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, 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 Procedure section I. Alcohol).
- 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, place of meal
    - c. Business purpose
    - d. List of attendees
  6. Documentation requirements apply to all on-campus or off-campus business meals, regardless of payment method.
  7. Expenditure amounts for business meals must be reasonable. Under this policy, expenditure amounts for meals (including alcohol and excluding taxes and tip) will be deemed reasonable if they do not exceed three times the current federal per-diem rate of that city, pro-rated 25% for breakfast; 25% for lunch; 50% for dinner.
- E. College Functions

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

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 majority of the participants are students.
  3. Provision of food to gatherings of college employees on a daily, weekly, or 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.
  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 for 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. Telecommunication Devices
- A. Long-distance personal calls on university office telephones are prohibited.
  - B. An individual may qualify for a university-owned device and/or service or a taxable cell phone allowance of \$50 if any of the following criteria are met:
    1. 24/7 access – the employee’s day-to-day responsibilities require routine response to urgent (immediate action required) university business at any time day and/or night (e.g., mission-critical operations and public safety).
    2. Compliance – The university device is required for compliance purposes.
    3. Pool devices – A department or unit will assign the device to multiple employees for a business purpose.
    4. College provided cell phones are intended for business use only.
    5. The employee desiring the device and/or service must obtain written approval by completing the [Cellular Services Stipend Authorization Form](#).
    6. Data, records, and information that document the business of the college, and are stored on a college or personal device may be subject to collection, review, and use for investigations, litigation, public records requests, etc., as required by law. See the Public Records policy and the General Records Retention Schedule.
- VII. 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.

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

- 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 COTC President (and Ohio State Newark Dean/Director if cost-shared).
- VIII. Payment for Services
- A. All individuals providing services to the college must be paid directly by the college.
  - B. The supervisor of the Payroll department in consultation with the Human Resource office 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 Substitute W-9 to Purchasing before payment is issued. An invoice or signed statement from the individual stating date, time and description of services rendered is required before payment is issued.
- IX. 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 process 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 Substitute W-9 Form
- X. 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 Office of Development.
    - 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.
  - 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 legitimate business purpose that furthers the institution's mission (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, and;
      - c. Be approved at the appropriate level and be consistent with established lines of authority within the college.



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

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 Office of Advancement.
- XI. 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	<ol style="list-style-type: none"> <li>A. Ensure that management practices follow Expenditure Policy.</li> <li>B. Seek consultation from the Accounting Office to resolve and questions.</li> </ol>
Accounting Office	<ol style="list-style-type: none"> <li>A. Review expenditures for compliance to Expenditures Policy.</li> </ol>
Employees	<ol style="list-style-type: none"> <li>A. Review expenditures policy to understand allowable expenditures.</li> </ol>

### 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  
 Travel Policy  
 Exception Approval Request Form  
 Cellular Services Stipend Authorization Form  
 Substitute W-9 Form

### Contacts

Subject	Office	Telephone	E-mail/URL
Amy White	Accounting, Accounting Manager	(740) 364-9629	<a href="mailto:White.739@mail.cotc.edu">White.739@mail.cotc.edu</a>
Kimberley Sibert	Purchasing & Auxiliary Manager	(740) 366-9233	<a href="mailto:Sibert.13@osu.edu">Sibert.13@osu.edu</a>

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

### History

---

Issued: 08/11/1999  
Revised: 03/30/2012  
Updated: 06/17/2014  
Revised: 01/01/2021