

POLICY MANUAL

VOLUME VII

BUSINESS AND FINANCIAL AFFAIRS

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GEORGIAN COURT UNIVERSITY

THE MERCY UNIVERSITY OF NEW JERSEY

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Volume VII
Business and Financial Affairs

7.1 Accounting Policies

7.1.1 Accounting System

PURPOSE

The purpose of this policy is to provide an overview of the University's accounting system.

POLICY

Georgian Court University utilizes a central accounting system to record and classify business transactions that is compliant with applicable legal requirements and generally accepted accounting principles advocated by the [Financial Accounting Standards Board](#).

DEFINITIONS

Budget Manager—anyone named as the responsible individual for an active account. Budget managers may have budget responsibility for more than one active account.

PROCEDURES/GUIDELINES

Budget Managers' Responsibilities

Budget managers for departments, grants or any other unit account are identified by and work closely with the CFO/Vice President for Finance and Administration to create an appropriate chart of accounts to accurately record all generated revenues and expenses.

The University's Finance and Administration Office maintains centralized accounting records and consolidated funds and/or accounts with full reporting to the budget manager and University administrative officers as scheduled.

Budget managers are granted online access by the Finance and Administration Office to appropriate accounting records for monitoring revenue and expense activity.

RELATED POLICIES

University Budget Approval Policy

7.1.2 Fiscal Year

PURPOSE

The purpose of this policy is to define the University's fiscal year, outline procedures for the fiscal year end process and establish guidelines for the recognition of revenue.

POLICY

The fiscal year of the University begins on July 1 and terminates on June 30 of the following year. All University transactions must be recorded in the appropriate fiscal year and revenues and expenses must be matched with the fiscal year to which they pertain.

The fiscal year is closed after all closing adjustments and audit entries have been made.

DEFINITIONS

Applicable definitions are set forth in the Procedures/Guidelines section below.

PROCEDURES/GUIDELINES

The procedure for closing the fiscal year includes running reports and rolling balances.

Revenues

Revenues must be recorded in the fiscal year during which services are provided.

The following guidelines are provided to assist in the determination of whether a transaction creates revenue for the University under Generally Accepted Accounting Principles. This policy applies to all transactions conducted in the ordinary course of business of Georgian Court University.

Definition of Revenue: Revenue must be recognized in the fiscal year in which it has been earned, regardless of the timing of cash receipts. Revenue is considered earned when the University has substantially met its obligation to be entitled to the benefits represented by the revenue. Deposits (whether refundable or non-refundable), early payments and progress payments may not be recognized as revenue until the revenue producing event has occurred.

Tuition and Fees: Student based revenue includes tuition; mandatory student fees; and revenue earned from student board and lodging. The Board of Trustees, upon the recommendation of the Finance and Investment Committee and the administration, determines tuition and student fees annually. The University recognizes such revenue when earned rather than when paid. Thus, student board and lodging is recognized during the period in which students reside on campus and make use of campus residences and dining. Tuition revenue is recognized over the course of the term for which it is earned, regardless of when it is received. Deposits and prepayments of tuition and fees are recorded as deferred until the start of the semester for which they are intended. Tuition is recorded in the financial statements net of discounts for scholarships.

Sponsored Programs: Sponsored program revenue includes direct revenue and indirect cost recovery earned under grants from governmental and private sponsors. Sponsored program revenues received by the University are primarily cost reimbursement grants and contracts. These contracts reimburse expenses that have already been incurred and revenues are directly related to the costs incurred. Sponsored program revenue is recognized as expenses are incurred. Adjustments to expenses under such programs result in an adjustment to revenue. Payments received in advance from sponsors are reported as deferred income until such time as the revenue has been earned, which is when the expense is incurred.

Investment Revenue: Investment revenue is recognized in accordance with policy established by the Board of Trustees Finance and Investment Committee.

Business Enterprises and Auxiliary Finances: Sales and services of University business enterprises and auxiliary enterprises are limited to revenues derived directly from the operation of the enterprises. This includes food services, bookstore and other miscellaneous enterprises. Sales and services revenue is recognized in the fiscal year in which it is earned, that is, at the time goods or services are provided.

Expenses

Expenses must be recorded in the fiscal year in which the goods or services are received, regardless of the date of the actual payment or issuance of purchase order.

Encumbrances

As a general rule, purchase requisitions may not be issued against the old fiscal year's budget if the expected delivery of the goods or services cannot be reasonably expected on or before June 30. Per Purchasing Department procedure, the cutoff date for requisitions is June 5.

RELATED POLICIES

- Purchasing Policy
- Staffing Plan
- Capital Program Plan
- Technology Plan
- Operational Plan

7.1.3 Journal Entries and Adjustments

PURPOSE

The purpose of this policy is to ensure that the Controller's Office manages the stewardship of the University's funds and produce financial statements per Generally Accepted Accounting Principles (GAAP) and Financial Accounting Standards (FASB) and federal and non-federal funding agency regulations.

POLICY

The creation and approval of general ledger journal entries is the responsibility of Controller's Office. Journal entries are created either manually or are system generated. Departments can create certain journal entries that must be sent to the Controller's Office for approval and processing. Manual journal entries are entered into the University's administrative software application.

DEFINITIONS

System Generated Journal Entries—journal entries created automatically at regularly scheduled time intervals determined by the Controller's Office to post the subsidiary ledger transactions (i.e., Accounts Payable, Fixed Assets, Student Receivables and Payroll) or recurring journal entries to the appropriate general ledger accounts.

Correcting Journal Entries—journal entries that are created and submitted by Controller's Office staff to adjust balances in accounts based upon a review of the transactions charged to the account.

Manual Journal Entries—journal entered directly into the University's administrative software application by Controller's Office staff and reviewed and approved by Controller's Office management for the purpose of posting accounting transactions or adjusting previously recorded general ledger transactions.

PROCEDURES

Controller's Office management approves manual journal entries prior to posting into the general ledger. System generated journal entries automatically post to the general ledger and no approval is necessary.

Requests to move departmental revenues or expenses are submitted by University budget managers with supporting documentation and are reviewed, created and approved by the Controller's Office. In addition, departments are required to send all grant transfer requests to the Communication and Grants Specialty for approval.

Correcting journal entries are approved by Controller's Office management before posting into the University's administrative software application.

RELATED POLICIES

Not applicable.

7.1.4 Capitalization and Depreciation

PURPOSE

The purpose of this policy is to provide for consistent and accurate capitalization of all capital assets held by the University as required for internal, external, and regulatory reporting.

POLICY

All capital assets obtained by Georgian Court University are to be capitalized, depreciated, and disposed of in accordance with applicable laws or regulations, generally accepted accounting principles, and the procedures and guidelines set forth in this policy. If this policy is ever inconsistent with the requirements of applicable laws or regulations or generally accepted accounting principles, the applicable laws or regulations or generally accepted accounting principles, in that order, will take precedence over this policy.

DEFINITIONS

Building—any permanent, enclosed structures that house persons or personal property.

Building Improvement—alterations, renovations, and repairs to existing structures that increase the value of the building or structure, make it more useful, or significantly increase the normal service life of the building or structure.

Capital Expenditure—the purchase of land or a land improvement, a building or building improvement, or furniture, furnishings, equipment, computer software with a price or cost of \$5,000 or more and a useful life of 5 or more years.

Computer Software—intangible property that is designed to cause a computer to perform a desired function.

Furniture, Furnishings, and Equipment—any tangible personal property purchased or acquired by gift to be used for operating purposes with a total cost (fair value if donated) of \$5,000.00 or more, such as desks, filing cabinets, computer hardware, automobiles, etc.

Land—real property that is purchased or acquired by the University for operating purposes.

Land improvement—any exhaustible modifications made to land and infrastructure to add to its value, enhance its functionality, or adapt it to new use.

PROCEDURES/GUIDELINES

Capital Expenditures

Facilities Master Plan & Operational Plan

A capital expenditure is the purchase of one of the following items with a price or cost of \$5,000 or more and a useful life of 5 or more years in accordance with the University's current Facilities Master Plan and Operational Plan. The development of the Campus Master Plan is a highly-integrative process. The planning team and consultants will meet with representatives of every academic and administrative department, conduct area group workshops with campus stake holders, review interim drafts with the faculty, staff, students and the Board, and present the final draft planning strategies to the campus and the surrounding community for discussion and refinement. The final Campus Master Plan, approved by a Planning and Steering Committee and the Board of Trustees, will represent the thoughtful engagement of the entire campus community.

Building and Building Improvements:

Buildings: Buildings are accounted for and controlled as individual buildings or structures. Buildings with a total cost of \$5,000.00 or more are capitalized. The cost of buildings includes all expenditures related directly to their acquisition or construction. In addition to the purchase or construction costs directly identifiable with the building project, this includes legal and title fees, professional fees (e.g., attorneys, architects, engineers, etc.), surveying and appraisal fees, site preparation costs, broker's fees, closing costs, costs related to the demolition of unwanted structures, overhead and interest costs if new construction and any other costs necessary to place a building or structure into its intended location and condition for use. When land is acquired with a building erected thereon, the total cost is allocated between the land and building in reasonable proportion at the date of acquisition. If the transfer document does not show the allocation, other sources of information may be used, such as an expert appraisal or the real estate tax assessment record.

Building Improvements: Building improvements include alterations, renovations, and repairs to existing structures that increase the value of the building or structure, make it more useful, or significantly increase the normal service life of the building or structure. Building improvements with a total cost of \$5,000.00 or more are capitalized.

Furniture, Furnishings, Equipment and Computer Software:

Furniture, Furnishings and Equipment: Furniture, furnishings, and equipment are tangible personal property purchased or acquired by gift to be used for operating purposes with a total cost (fair value if donated) of \$5,000.00 or more, such as desks, filing cabinets, computer hardware, automobiles, etc. Personal property acquired for resale is not to be recorded as furniture or equipment but as merchandise inventory. The cost is net of any purchase discounts and includes all non-refundable purchase taxes, freight or transportation charges, and any costs necessary to place the asset in its intended location and condition for use. This includes costs paid to the vendor for installation and testing. Labor costs incurred by University personnel for installation and testing are not includable as part of the cost. The cost of extended maintenance or warranty contracts are also included in the asset cost if the contract is purchased at the same time as the furniture or equipment.

Computer Software: Computer Software is intangible property that is designed to cause a computer to perform a desired function. Computer software that is acquired from a third party is capitalized if the cost or fair value is \$5,000.00 or more.

Land and Land Improvements:

Land: Land is accounted for and controlled by parcels that are identified by their legal description. All land costs are capitalized, but not depreciated. All expenditures made to acquire land and to ready it for use are considered part of the land cost. Land costs typically include the purchase price; closing costs, such as title to the land, attorney and appraiser fees, and recording fees; and costs incurred to prepare the land for its intended use, such as grading, filling, draining, and clearing. When land is acquired with a building erected thereon, total cost is allocated between land and building in reasonable proportion at the date of acquisition. If the transfer document does not show the allocation other sources of information may be used, such as an expert appraisal or the real estate tax assessment record.

Land Improvements: Land improvements include exhaustible modifications made to land and infrastructure to add to its value, enhance its functionality, or adapt it to new use. Land improvements with a total cost of \$5,000.00 or more are capitalized. Land improvements typically include landscaping, roads, sidewalks, fences, curbs, bridges, irrigation and drainage systems, parking lots, lighting, sewer and electrical utility infrastructures, and athletic fields, tracks, and courts with a price or cost of \$5,000 or more and a useful life of 5 or more years.

Exceptions: *If assets are purchased with government funds, the University will follow the applicable cost circular from the federal government for the capitalization threshold. Capital assets purchased with government funds will be identified as such.*

Acquisition of Capital Assets

Purchases: All purchases of capital assets must be approved in accordance with the University Purchasing Policy. Once the purchase is made, it will be coded to the appropriate accounting system account code, to ensure accurate and complete financial reporting. The acquisition of computers, software, and related information technology equipment must also adhere to the University's Change Control Policy.

Donations: Capital assets donated to the University are recorded at the fair value of the property as of the date of the donation and coded to the appropriate accounting system account code, to ensure accurate and complete financial reporting.

Acquisition of Property: For all land and building acquisitions, the Finance Department will ensure that legal title to the land and/or building is appropriately transferred to the University. The CFO/Vice President for Finance and Administration or assigned designee will also ensure the land or building is properly recorded in the University's accounting records.

Land and Building Improvements: The CFO/Vice President for Finance and Administration or appropriate designee will ensure that purchases and expenditures related to the repair, maintenance, or improvement of land and buildings are recorded and coded.

Recording of Capital Expenditures

Capital expenditures are recorded at cost at on the date of acquisition.

Any purchase of equipment, etc., with a cost under \$5,000 or a useful life of less than five years will be considered a small equipment expenditure chargeable to the department operating budget in the fiscal year it is purchased. Multiple purchases of small equipment with an aggregate total of more than \$5,000 will be treated as individual small equipment purchases.

Capital expenditures will be recorded directly to an asset account, not charged against the department operating budget. Capital expenditures must be approved by the Budget Committee and, at the time of acquisition, the CFO/Vice President for Finance and Administration.

Capital Leases will be recorded in accordance with Generally Accepted Accounting Principles (GAAP) and Financial Accounting Standards (FASB) standards.

Inventory of Capital Assets

The Purchasing Department will perform a full physical inventory of property at least every two (2) years. Thereafter, a full reconciliation between the physical inventory and accounting records will be conducted.

As stipulated in the University's Property Control Policy, University departments must inform the Purchasing Department of any relocation of property within the department, transfer of property to another department, or damaged or stolen equipment. Upon receipt of a report of lost or damaged equipment, an employee(s) appointed from either the Purchasing and Finance Departments will conduct a thorough and impartial investigation into the circumstances surrounding the loss or damage. A written report of such investigation will be forwarded to the University president and the CFO/Vice President for Finance and Administration.

Depreciation of Capital Assets

With the exception of land and rare book and art collections, all capitalized assets are depreciated using the straight-line method over the expected useful life of the individual assets. An asset's life is the period of time over which services are expected to be rendered by the asset. The calculation of depreciation is based on historical cost (capitalized costs).

Depreciation Expense: Depreciation of capitalized assets commence in the year the individual asset is placed into service or use.

The estimated useful life for the University's various asset categories are as follows:

Asset	Useful Life
Land	Not applicable
Land Improvements	20 Years
Buildings and Building Improvements	25-60 Years
Equipment	2-15 Years
Library Books	50 Years
Rare Books & Art	Not Applicable

Annual Projects: A full year's depreciation is recorded in the year the asset is placed in service or us. The annual depreciation expense is charged in the general ledger and allocated to the appropriate functional expense categories based on square footage calculations. Except

where componentized depreciation is utilized for major construction projects, annual renewal and renovation construction projects will be treated as a single asset and depreciated over the remaining useful life of the building assigned.

Major Construction Projects: Depreciation will commence and be recorded at the time the building is ready for its intended use and is occupied. Depreciation is calculated on a componentized basis for the building structure, building services, and fixed equipment. The annual depreciation expense is charged in the general ledger and allocated to the appropriate functional expense categories based on square footage calculations.

Furniture, Furnishings, Equipment and Computer Software: Depreciation is calculated utilizing a half year convention. In the year in which the individual asset is placed in service or use, one half of the calculated annual depreciation expense is charged in the general ledger and allocated to the appropriate functional expense categories based upon the department to which the asset is assigned.

RELATED POLICIES

Information Technology Change Control Policy
Property Control Policy
Purchasing Policy

7.1.5 Cash Receipts

PURPOSE

The purpose of this policy is to provide procedures and guidelines to all University departments handling cash collections. Procedures have been established to encourage an effective administration and internal control of cash handling operations throughout the University.

POLICY

To ensure proper and consistent cash handling procedures throughout the University, all University departments that handle cash must be aware and show a strong commitment to controls of cash funds. Controls are required to safeguard against loss and to protect employees by defining responsibilities in the handling of cash. This policy requires that areas receiving cash be approved by the Controller and be designated as cash collection points. A cash collection point is defined as a department or other entity that handles cash on a regular basis. Although departments and other entities with casual collections (receive cash infrequently) are not recognized as cash collection points, they must follow the same cash handling policies and procedures that apply to the cash collection points.

Required procedures for cash collection points include: accounting for cash as it received; adequate separation of duties, which includes cash collecting, depositing, and reconciling; the proper pre-numbered receipts given for any cash received; approval of any voided cash receipts by area supervisor; the deposit of cash promptly at the Office of Student Accounts into an authorized University account; reconciliation of validated deposit forms to supporting documentation and to the account statement; and the proper safeguarding of cash.

DEFINITIONS

Cash—includes currency, coins, personal checks, bank drafts, money orders, traveler's checks, cashier's checks and credit card transactions.

PROCEDURES/GUIDELINES

All cash received must be recorded using a triplicate pre-numbered receipt form with one copy to the customer, one retained by the department collecting the cash and one forwarded to the Office of Student Accounts. All numbered receipts must be accounted for, including voided receipts.

The cash collection point must maintain a clear separation of duties. An individual should not have responsibility for more than one of the cash handling components: collection, depositing, and reconciling.

All cash will be put into a Cash Transmittal Bag after being counted by **two** people. The Cash Transmittal Bag is then sealed and signed by both people.

All checks, cash and credit card receipts must be protected by using a safe or lock box until they are deposited. A secure area for processing and safeguarding funds received is to be provided and restricted to authorized personnel.

Checks must be made payable to Georgian Court University and must be endorsed promptly with a restrictive endorsement stamp "payable to Georgian Court University". The endorsement stamp should be ordered through the Office of the Bursar.

The Office of Student Accounts is responsible for making the daily deposit to the appropriate Georgian Court bank account.

The Office of Student Accounts will close its books each day at 4:00 P.M. For those departments or student organizations, which consistently receive cash, each business day, a staff member from the Office of Student Accounts will pick up money from departments on Tuesday and Thursday. The department will call the Student Accounts office to arrange pickup of the funds.

While daily depositing of cash receipts is desirable, it may not be practical or cost effective for those departments or student organizations that receive small amounts of cash on an irregular basis. In those cases where the amount of cash receipts are small and an adequate safekeeping facility is available, an aggregate amount of cash receipts not to exceed \$100 may be retained in the department safekeeping facility for a period not to exceed five workdays. Although this option is available, departments must be aware that these monies must be deposited with the Bursar within a five workday period even if their receipts are not in excess of \$100.

Under no circumstances will employees or students make disbursements from the department or student organization cash receipts. All cash receipts must be deposited with Students Accounts intact.

Institutional Advancement will make deposits and complete reconciliation with the Controller's office. They will bring the deposit over to the Student Accounts office for deposit. The bag will be locked and secured by Institutional Advancement.

Never mail cash or checks through inter-office mail.

All funds collected must be balanced daily, by comparing the total of the cash, checks and credit card to the pre-numbered receipt totals and to the department's summary log.

The Controller must approve exceptions to these procedures. For example, in cases where there is not enough staff available to maintain complete separation of duties, an alternate process to safeguard University funds must be established and approved by the Controller. Requests for exceptions to these procedures must be submitted to the Controller's Office in writing.

Cash register tapes, deposit slips, credit card receipts, copies of manual cash receipts, etc. is to be kept for three years.

Student Accounts will take the combined deposit daily to the local bank.

RELATED POLICIES

Not applicable.

7.1.6 External Audit

PURPOSE

The purpose of the policy is to establish the principles and procedures that govern the Board of Trustees appointment and evaluation of an independent audit firm to conduct an annual audit of the University's financial statements.

POLICY

In accordance with Article VI, Section 2 of the Board Bylaws, the Georgian Court University Board of Trustees appoints an external auditor to conduct an annual audit of the University's fiscal year statement of financial position and related statements of activities and cash flows. Once appointed, the Audit & Compliance Committee is charged with meeting with the independent auditor to examine the financial statement of the University, to review and understand the results of the audit and to discuss and address the annual audit report.

DEFINITIONS

Not Applicable.

PROCECURES

Auditor Selection

The Audit & Compliance Committee of the Board of Trustees recommends to the Board of Trustees the appointment of the external auditor annually. When a new auditing firm is appointed, the Audit & Compliance Committee approves the processes to be used for selection of an external auditor. These processes include the determination of the number of audit firms to be contacted, the method of requesting and evaluating requests for proposals, and the timeframe to complete the process. Bids are reviewed with the Audit & Compliance Committee, which recommends the firm to the Board of Trustees for final approval and appointment.

Auditor Evaluation

The Audit & Compliance Committee will review the performance of the independent auditor and report its findings to the Board on an annual basis. In evaluating the auditor's performance, the Audit & Compliance Committee will:

- The audit firm hired by the Board of Trustees Audit & Compliance Committee will provide an annual engagement letter which defines all industry standards related to

the scope of the annual audit. The chair of the Audit & Compliance Committee will accept the letter upon presentation by the firm to the committee.

- Review the scope and general extent of the outside auditor’s annual audit. The committee’s review will include an explanation from the outside auditor of the factors they considered in determining the audit scope, including major risks identified. The outside auditors should inform the committee that no limitations have been placed on the scope or nature of the planned audit procedures;
- Review annually with senior management the fee arrangement with the outside auditor;
- Inquire as to the independence of the outside auditor and obtain a formal written statement from the auditor delineating any relationships between the auditor and the University, including any other services being performed by the auditor for the University.

In the event the Audit & Compliance Committee wishes to recommend the selection of another auditor to the Board, the Auditor Selection procedures above will be followed.

RELATED POLICIES

Not applicable.

7.1.7 Petty Cash

PURPOSE

The purpose of this policy is to establish the criteria by which petty cash funds will be established and approved, and to provide guidance on proper management of those funds.

POLICY

Georgian Court University permits departments to maintain a petty cash fund, as described by this policy and corresponding procedures. Departments are responsible for adequate security and control of their petty cash funds. The fund must be secured at all times in a locked container such as a fire-proof file cabinet, safe, or other suitable device to which unauthorized access is difficult. Theft and any other losses of petty cash are the responsibility of the department. The petty cash fund is an asset of the University and maintained in a separate General Ledger account number. These funds belong to the University and must be kept on University property at all times. The initial establishment of the fund is not charged to the department. Departments are charged directly, through replenishment of the fund, as properly documented expenses are presented to the Purchasing Office for reimbursement.

DEFINITIONS

Petty Cash Fund—a small cash Fund for minor departmental expenses.

PROCEDURES/GUIDELINES

Purpose and Use

A petty cash fund may be established in a department to improve the efficiency of departmental operations. These funds are available to purchase minor items when it would be otherwise impractical to purchase items through the usual purchasing methods. Petty cash

can be used to reimburse individuals for emergency out-of-pocket expenditures. Petty cash can sometimes be used in place of the University purchasing process where appropriate, for example, as reimbursement for small, incidental department expenses when it is not possible to use normal purchasing means. Petty cash should be used in this manner only when absolutely necessary. Due to the inherent risks of cash, whenever possible, departments must limit use of petty cash funds and use normal purchasing methods such as the University purchasing card or purchase orders. A petty cash fund can also be used as a “change fund” in the department for handling ticket sales, fundraisers, etc., where expenses are not incurred.

Prohibitions

Petty cash may not be used for the following:

1. Payment for items that are to be purchased through the purchasing system according to the University purchasing policy and procedures;
2. Payments to vendors for invoices submitted directly to the department where a purchase order was issued;
3. Payments to independent contractors, consultants, awards, etc., to non-University employees;
4. Payments to employees for services, awards, bonuses, etc.;
5. Payments of a taxable or non-taxable benefit to an individual;
6. Sales tax on purchases; or
7. Personal borrowing.

Procedures

The following procedures must be followed for each petty cash fund. The budget/department manager of the fund is responsible for ensuring that these procedures are followed. Non-compliance with these procedures may result in immediate dissolution of the fund.

- Only one person, the Custodian, should have physical custody of the fund.
- The budget/department manager of the fund should serve as an alternate Custodian responsible for physical custody of the fund when the Custodian is absent.
- A maximum single disbursement amount should be established for the fund. The budget/department manager of the fund must approve any disbursements over the maximum amount. The Custodian must document the approval of any disbursements over the maximum disbursement amount.
- When making disbursements from the fund, the Custodian must obtain from the recipient, a properly authorized receipt, paid invoice or other supporting documentation, prepared in ink or typed, listing the amount and account code to be charged.
- The cash and receipts must be maintained under a reasonable level of security within the physical location noted above.
- The Custodian must count and balance the fund at least monthly. Documented reconciliations must be kept in the department. At all times the expenditure receipts plus

cash on hand must equal the authorized amount. Any discrepancies identified, must be investigated and adjusted promptly.

- The fund must be reimbursed to its original authorized amount as needed but no less than once each fiscal year.
- Revenues must never be used to establish or increase the size of a petty cash fund.

The budget/department manager is expected to physically inspect (count) the fund at the end of each fiscal year to verify that the fund is being adequately controlled; the amount of the fund is adequate but not excessive; and the need for the fund continues to exist. The Custodian must document this review and submit review form to the Office of Finance and Administration on the requested date. The fund is subject to unscheduled audits by authorized personnel or the University's independent auditors to verify proper control procedures are being followed.

RELATED POLICIES

Procurement Credit Card Policy and Procedures
Purchasing Policies and Procedures

7.1.8 Travel and Business Expenses

PURPOSE

This policy establishes the arrangements for the reimbursement of travel and entertainment expenses incurred on Georgian Court University business by Board members, faculty, staff of the University and for other individuals working on behalf of the University, while maintaining controls for accountability.

POLICY

Reimbursable travel by University employees must be authorized in advance by the traveler's supervisor. Travelers must verify that planned travel is eligible for reimbursement before making travel arrangements. When approved, the actual costs of travel, meals, lodging and other expenses directly related to accomplishing business travel purposes will be reimbursed by the University within approved budget limits.

All individuals who incur travel and entertainment expenses on Georgian Court University business are to comply with this policy. An underlying principle of the Travel Policy is that travelers are prohibited from gaining financially from University travel. Any rebates or discounts must be used to reduce reimbursement claims. Also, the cost of personal expenses such as from extending trips or excursions for personal benefit are not eligible for reimbursement.

In all cases, claims for the reimbursement of travel and entertainment expenses are to be reviewed and approved by a more senior administrator of the University in accordance with the procedures set forth in this policy. Any deviations from the policy are to be explained on the Travel Expense Report and approved. Deviations such as missing receipts may result in delayed, partial or forfeited reimbursement.

The Finance Department is responsible for ensuring that any expenses reimbursed or paid by the University are in compliance with this travel policy.

DEFINITIONS

Business Travel Purposes—purpose that confirms a particular good, service, or activity is necessary to fulfill the mission of the University and is of primary benefit to the University rather than the individual; a purpose that can be well defended under public scrutiny or audit.

Expense Report Approver—the individual responsible for approving all charges on a submitted travel expense report, making sure charges are accurate and have supporting documentation. A traveler is prohibited from serving or acting as expense approver for himself or herself.

Receipt—a legible image of the original merchant receipt or invoice issued by the supplier or service provider to document and substantiate the business transaction.

Traveler—an individual who is engaged in business travel for which the University is covering expenses as a result of necessary authorization being granted.

University Travel—transportation on Georgian Court University business in excess of one's normal commute. University-approved travel includes movement on official University business from home or normal place of employment to another destination, and return to home or normal place of employment. University-approved travel does not include commuting between home and normal place of employment.

PROCEDURES/GUIDELINES

Travel Expense Reports

In order to be reimbursed for expenses, travel expense reports must be completed. This report requires a clear statement of the purpose of the travel, with expenses relating to the trip clearly detailed and each expense supported by an original, dated receipt. If original receipts are not available, an electronic image of a cancelled check, credit card receipt, supplier statement, or a paid notice may be substituted. If none of those are available, documentation that explains why a receipt is not available must be provided to the Expense Report approver, including the date, place, amount, and explicit business purpose. In addition, a signed declaration initialed by the Expense Report approver must be attached certifying the date the expenses were incurred, stating that the original bill has been lost or misplaced and that reimbursement for these expenses will not be claimed from any other source. Receipts and vouchers must be stapled to the back of the expense claim form in order of appearance on the claim.

The claimant's and the Expense Report approver (typically the claimant's supervisor) signature are required; certifying that the information contained on the form is accurate to the best of his/her knowledge.

The Finance Department will only process claims that are completed and properly approved. Incomplete forms will be returned to the claimant.

Normally, travelers must submit expense reports within five working days of their return.

Air Travel

Air travel will be reimbursed at actual cost for an amount not exceeding the full fare economy rate travelling by the most direct routes. Travelers are strongly encouraged to book well in advance of travel to secure the lowest fares. In addition, travelers are encouraged to select special or promotional flights that may require significant advance booking, use alternative

airports, entail a connection, or feature departure and/or arrival times slightly different than originally specified by the traveler. Travel by air at a class higher than economy requires approval by the President, Provost, or Vice President or the traveler may personally be responsible for pay the upgrade fee. Instances of approval for Business Class travel will be rare and only in such circumstances as being explicitly permitted under the grant or contract funding the trip; where it will enable a University officer to accompany a sponsor, donor or similar senior official on the trip or where the trip is over six hours and the agenda is so compressed it requires the traveler to lecture or attend meetings within a few hours of arrival on the Business Class leg of the trip.

Private Automobile

Where faculty or staff members use their private automobile for University travel, the reimbursement rate to the driver is the standard IRS mileage reimbursement rate for all miles incurred on the traveler's personal vehicle while conducting University travel, plus the actual cost of any tolls. Commuting (transportation between home and work place) mileage is not reimbursable.

An accurate daily record of miles traveled must be maintained. The mileage reimbursement rate covers all operating costs of the vehicle, including but not limited to gasoline, repairs, depreciation, and insurance. Private vehicles used for University travel are not covered by the University's insurance. No reimbursement is permitted for costs of repairs or damages to vehicles, costs for locksmiths, car washes, or towing whether they result from the acts of the traveler or others. Fines for moving or parking traffic violations are similarly not reimbursable.

If more than one University employee shares a privately owned vehicle, only the owner of the vehicle will be reimbursed for mileage.

Car Rentals

Car rentals will be allowed where it is necessary to save time or reduce costs if justified as a business need and not as a matter of personal convenience. Advance reservations must be made whenever possible and a compact or economy models requested. This model should be used unless a no-cost upgrade is provided. Reimbursable expenses include the rental fee, the km/mileage charge by the car rental agency, and gasoline charges. Faculty and staff are expected to refuel rental cars before returning them to the rental company as this practice can save as much as 50% of the gasoline cost.

Persons utilizing rental cars for University travel are covered under the University's fleet insurance policy and do not need to purchase additional insurance coverage. Insurance offered by the rental agency will not be reimbursed on rentals within the United States. Automobile rentals in foreign countries must elect the optional insurance for the vehicle.

Miscellaneous Transportation Expenses

Miscellaneous expenses such as parking, road tolls, ferries, taxis, car services (i.e., Uber, Lyft, etc.) and airport buses are also reimbursable subject to the presentation of original receipts.

Daily Travel Expense

The daily per diem allowance is \$40.00 for every 24-hour period. The 24-hour period begins when you leave your home to begin travel. The daily allowance consists of the charges and attendant expenses for meals incurred while on travel status. If actual expenses are less than the total per diem amount, only the actual amount may be claimed.

Accommodation and Meals

Travelers are expected to use standard accommodation whenever possible and dine in restaurants of equivalent quality. Original hotel and motel receipts are required for reimbursement, as charge card slips do not provide sufficient information.

All rooms should be guaranteed for late arrival. Room reservations must be cancelled by 6:00 p.m. on the day of arrival to avoid a no-show charge. No-show charges are not reimbursable.

As a general rule, employees should not tip more than 15% of the total cost of a meal or 10% of a taxi fare, \$1 to \$2 per night for chambermaid service and \$1 per bag for baggage handling.

Telephones

Local and long distance business calls are reimbursable. A personal call per day allowing faculty and staff to stay in contact with their immediate family are also reimbursable.

Business/Entertainment Expense

Business expense, which may include entertainment incurred by faculty and staff in support of the University mission, will be reimbursed provided the expenses are authorized, reasonable, and appropriately documented. The types of business (entertainment) expenses incurred for University business may include food, beverages and social or recreational activities. Public accountability as well as limited budgets requires faculty and staff to exercise particular care when incurring and approving entertainment expenses. These expenses are usually limited to the President, Provost and Vice President positions.

Per federal regulations, no expenditure of funds for entertainment may be recovered as either direct or indirect costs from sponsors. This excludes travel, meal, and event expenses related to the performance of work for a sponsored program, as long as these are allowable by the sponsored program.

Other Reimbursable Travel Expenses

The following items are also generally reimbursable to the extent they are reasonable and necessary business expenses: registration/conference fees; computer network access; currency conversion fees; fax charges; overnight parcel service when needed for business documents; and tips.

Spouse Travel

Travel expense for a spouse is not reimbursable unless it can be shown that the spouse's presence was both essential and directly related to the effective accomplishment of the University mission. In these limited instances, faculty and staff must obtain written approval in advance from the more senior level approver of their Travel Expense Report. These instances most likely will not arise at a university such as Georgian Court.

Expenses Not Allowed

- Interest charges on outstanding charge card balances
- Parking and traffic fines
- Personal expenses including hotel pay movies, mini-bars, excursions and similar items
- Laundry and dry cleaning
- Cost resulting from failure to cancel a guaranteed reservation
- Excess personal baggage
- Flight insurance
- Airline upgrades
- Dependent care

Frequent Flyer Points

The choice of airline or routing must be based on the lowest fare and must be unrelated to any personal frequent flyer program.

Grants and Contracts

Certain grants and contracts may require explicit permission of the sponsoring agency. In some situations, compliance with U.S. Government travel regulations is required. When in doubt, consult with the Office of Communications and Grants.

RELATED POLICIES

- Procurement Credit Card Policy and Procedures
- Purchasing Policies and Procedures

7.2 Budget Policies

7.2.1 Tuition and Fees

PURPOSE

The purpose of this policy is to establish the University's policy and procedures in connection with the setting and approval of the University's tuition and related fees for the degree programs offered by Georgian Court University.

POLICY

Annually, the administration makes a recommendation to the Finance and Investment Committee of the Board to approve the tuition, fees and room and board charges of the University for all degree programs, including the standard tuition rates, mandatory fees, room rates and board charges. The Finance and Investment Committee, in turn, will make a final recommendation to the full Board of Trustees, which has final approval authority.

DEFINITIONS

Tuition and Fees—means the tuition rates and fees set forth in the Tuition and Fees Schedule as published annually on georgian.edu.

PROCEDURES/GUIDELINES

Approval Procedures

The administration determines the proposed tuition rates and mandatory fees for the University and submits them to the Board of Trustees for approval through the Finance and Investment Committee of the Board. The administration considers significant factors affecting tuition including, but not limited to, the competitive position of the University among its peers, the need to attract high quality students, University budgetary requirements, and appropriate amount of tuition discounting. The University discounts tuition through a process by which it offsets its published tuition price with institutional grant aid for enrolling students. The result is our discount rate, the ratio of total institutional grant aid relative to gross tuition revenues at the University.

Publishing of Tuition and Fees

It is the responsibility of the Office of the Student Accounts to publish the official tuition rates and fees of the University, as approved by the Board of Trustees. This official tuition rates and fees list will be posted online at georgian.edu following the Board's February meeting for the following academic year.

RELATED POLICIES

University Budget Policy
Tuition Discount Rate Policy

7.2.2 University Budget Approval

PURPOSE

The purpose of the policy is to establish the principles and procedures that govern the Board of Trustees approval of the University's annual operating and capital budgets.

POLICY

The Board of Trustees shall annually approve the University's operating and capital budgets in conformance with the procedures of this policy.

DEFINITIONS

Not applicable.

PROCEDURES/GUIDELINES

The Board of Trustees annually approves the University's operating and capital budgets in conformance with the following procedures:

1. Proposed operating and capital budgets for each fiscal year, including increases in student charges for tuition, fees, room, and meals, are summarized by the CFO/Vice President for Finance and Administration annually and presented to the Board of Trustees Finance and Investment Committee, which in turn will make recommendations to the Board of Trustees;
2. The President or a designee will annually report to the Finance and Investment Committee the University's expenditures by functional category during the past fiscal year and compare them to the original budget;
3. During the budget preparation and its subsequent administration, the president is directed to take all reasonable measures to prevent the practice of forward funding and running deficit accounts.

RELATED POLICIES

Not applicable.

7.3 Finance Policies

7.3.1 Anti-Bribery

PURPOSE

The purpose of this policy is to comply with requirements of the federal Foreign Corrupt Practices Act.

POLICY

Georgian Court University requires that all employees, contractors, vendors, and any other third parties that work with or on behalf of the University comply with any kind, within or outside of the United States, notwithstanding any local practice, custom or convention, is strictly prohibited. The University prohibits anyone acting on its behalf to make any payments or provide anything of value to any person, including any foreign official, directly or indirectly, for the purpose of influencing an action or decision, inducing the person to do or refrain from doing any act, or securing an unfair advantage. This policy applies to informal interactions as well as formal agreements.

Any contracts with or involving foreign officials must be in writing and reviewed by the Office of Finance and Administration prior to execution of any such contract. Specific contract language and provisions are required by the University to address compliance with the Foreign Corrupt Practices Act and this policy, including for contracts with third parties engaged by the University to represent its interests in another country.

DEFINITIONS

Anything of Value—includes not only cash or cash equivalents, but also trips and airfare upgrades, entertainment, donations, investment opportunities other than arm's length transactions for fair market value, an interest in a business venture, services, payment of medical, educational or living expenses, and transfer of information. The determination is not the retail value, but whether the recipient subjectively attaches value to the inducement.

Bribery—the offering of money, favors or other incentives to someone in a position of trust in order to induce or obtain preferential treatment or an unfair advantage. Guidance and additional information on the Foreign Corrupt Practices Act can be found at the U.S. Department of Justice website: <http://www.justice.gov/criminal/fraud/fcpa/>

Foreign Official—means any official or employee of a foreign government, or any department, agency, or instrumentality thereof, or any public international organization, and includes agents acting in an official capacity for or on behalf of any such government, department, agency, or instrumentality, or public international organization.

PROCEDURES/GUIDELINES

University employees must report any concerns with respect to this policy to an immediate supervisor or a Department Chair, as appropriate, or to any member of the President's Cabinet.

In addition, individuals may also make a report by following the procedures set forth in the University's Whistleblower Policy.

Alleged violations will be promptly investigated. The Foreign Corrupt Practices Act imposes civil and criminal fines and penalties for violations of the law. Violators of this policy may also be subject to University discipline up to and including termination.

RELATED POLICIES

Purchasing Policy
Whistleblower Policy

7.3.2 Debt Management

PURPOSE

The purpose of this policy is to provide a framework by which decisions will be made regarding the use of debt to finance capital projects at Georgian Court University.

POLICY

Debt is a valuable source of capital project financing, and its use will be limited to projects that relate to the mission and strategic objectives of GCU.

In accordance with Article V, Section 2 of the Bylaws of Georgian Court University, the Holy See, on the recommendation of the GCU Board of Trustees, must approve any sale, lease, merger, mortgage, encumbrance or subordination of interest in the assets of the University that are in excess of a level requiring approval by the Holy See. For amounts under the level requiring approval, the Board of Trustees must authorize the execution of all financing agreements. The Board, within the context of Article V, Section 2 of the Bylaws of Georgian Court University, as well as debt operating guidelines and other procedures set forth in this policy, will evaluate opportunities and financing sources.

DEFINITIONS

Debt—a product that permits the University to externally finance a capital project, and for which the University or an affiliate of the University is ultimately responsible for repayment.

Debt Service—total principal and interest due and any related fees or sinking funds during the fiscal year on all University debt.

Capital Project—any expenditure that can be capitalized on the University's balance sheet. This includes, but is not limited to, the construction or renovation of existing buildings, the acquisition of capital properties including furnishings, fixtures, machinery and equipment, the acquisition, installation and implementation of information technology, and the soft costs of implementing any capital projects.

Expendable Net Assets—Total Unrestricted and Temporarily Restricted Net Assets less Net Investment in Plant, as those terms are defined on the financial statements of the University.

PROCEDURES/GUIDELINES

Debt Operating Guidelines

For amounts under the level requiring approval from the Holy See, the GCU Board of Trustees has established the following debt guidelines regarding the University's use of debt to finance particular capital projects:

1. The Vice President for Finance and Administration will analyze, evaluate, and propose to the University Board of Trustees any long- or short-term debt (short-term debt includes, but is not limited to, revolving line of credit, overdraft facility, commercial paper and letter of credit) required for University operations. The analysis would ensure that any proposed financing has the lowest possible cost commensurate with the most favorable financial terms, conditions and risks and is consistent with the University's capital structure strategies. The University's Board of Trustees, in consultation with the Vice President for Finance and Administration, will have final approval for any instrument, document or agreement (prior to execution) which will cause the University to become indebted or contingently obligated to a third party;
2. Only projects closely related to the University's core mission and strategic goals will be considered for debt financing;
3. Projects with related revenue stream or budgetary savings that favorably impact the University's operating budget will receive priority consideration;
4. The length of the financing term shall not exceed the useful life of the asset or project;
5. Federal and State appropriations, grants, designated reserves, and fund raising proceeds are to be used to fund a portion of all capital projects;
6. Debt is to be used conservatively and strategically to preserve the University's future borrowing capacity and to maintain the highest credit rating possible;
7. Any changes to the University's debt carrying capacity or debt portfolio will be reported to the Board at the earliest scheduled board meeting.

One of the policy's objectives is the maintenance of the highest acceptable credit rating for the University with the bond rating agencies. To meet this policy objective, GCU has established limits for overall debt using three ratios. These ratios are consistent with the measures used by rating agencies. However, the agencies monitor a number of other statistics and ratios in developing their opinions. The Board's Finance and Investment Committee will review annually all key rating agencies' ratios to monitor compliance with rating guidelines.

Debt Ratio Guidelines

Debt ratios will be consistent with the existing debt ratios as specified in the most recent debt issue or any debt instrument accepted by the University.

Reporting

The Office of the CFO/Vice President for Finance and Administration will provide an annual debt report to the Board of Trustees through the Finance and Investment Committee of the Board. The debt report will cover updated ratios, debt outstanding, annual debt service, available capacity, and bond rating.

RELATED POLICIES

Capitalization and Depreciation Policy
Investment Policy

7.3.3 Executive Compensation

PURPOSE

The purpose of this policy is to establish a policy of review of the University's executive officers compensation packages to ensure that they are appropriate in the marketplace and do not violate the "intermediate sanctions" provisions contained in Internal Revenue Service Code § 4958.

POLICY

It is the policy of Georgian Court University (GCU) that the compensation for key executive officers be reasonable and consistent with the University's status as a 501(c)(3) organization under the Internal Revenue Code, while at the same time enabling the University to effectively attract and retain a highly qualified, skilled and motivated senior executive team that is dedicated and capable of carrying out the University's mission and long-term strategic objectives. Executive officer compensation will be based upon the Board of Trustees' Compensation Committee's review of appropriate comparability data, information, and analysis as set forth in the procedures of this policy.

DEFINITIONS

Executive Officer—person appointed by the Board of Trustees or the president to manage the University's daily operations.

PROCEDURES/GUIDELINES

GCU recognizes the important role that compensation plays in attracting, motivating, and retaining its executive officers. Therefore, the University has established procedures for the review of the University's executive officers compensation packages to ensure that they are appropriate in the marketplace and do not violate the "intermediate sanctions" provisions contained in Internal Revenue Service Code § 4958.

Such review occurs pursuant to the following procedures:

1. The President of the University is responsible for setting the compensation for newly hired or promoted employees who are classified by the institution as executive officers, as well as recommending changes in compensation for such employees. The Board sets the compensation for the President;
2. The Board of Trustees' Compensation Committee is responsible for reviewing and approving the compensation for the President and all other executive officers of the University in a manner that is designed to comply with the regulations governing the Internal Revenue Service's intermediate sanctions provisions (Treas. Reg. 53.4958 et al.) and the requirements for meeting the rebuttable presumption as set forth in Treas. Reg. 53.4958-6. Specifically, the committee:
 - a. Annually reviews thoroughly the compensation of the University's current executive officers with the President of the University; and
 - b. Assesses and approves the reasonableness of the other officers' compensation packages.
3. Members of the Compensation Committee, as well as any third parties providing professional advice to the committee, must be independent and have no conflicts of interest as to the compensation being reviewed, the executive officers whose

compensation is being reviewed, or any products or services (such as insurance arrangements or financial counseling) being considered.

4. In order to satisfy the IRS's rebuttable presumption, compensation must be reasonable, i.e., an amount that would ordinarily be paid for similar positions by similarly situated organizations under like circumstances. Executive compensation arrangements must, therefore, fall within the bounds of market practice for positions at comparable colleges and universities. In reviewing and approving compensation packages, the Compensation Committee will rely upon comparable compensation data for executive officers from peer institutions.
5. All final actions by the Executive Committee and the Board regarding the University's executive officers' compensation will be recorded via timely and accurately minutes. Compensation deliberations and materials related to such deliberations are confidential.

RELATED POLICIES

Not applicable.

7.3.4 Financial Controls

PURPOSE

The purpose of this policy is to set forth the University's policy regarding institutional control of financial resources.

POLICY

In pursuit of its goals, Georgian Court University recognizes that the resources, both financial and physical, are committed to the University with a trust requiring prudent management and stewardship. In responding to this obligation, the University endeavors to incorporate sound practices in managing its resources.

The control of financial resources occurs at several levels within the University and outside the University.

The **first level of control** is within the Office of Finance and Administration. The Office of Finance and Administration is responsible for establishing appropriate procedures and best practices to ensure that all University funds are handled properly; that transactions are recorded accurately and appropriately; that records are maintained securely with approved technology and software that affects financial records and internal controls; that reports are generated and disseminated in a timely manner; that financial statements are prepared quarterly and yearly to comply with external agencies, auditors, and the Board of Trustees; that budgets are reviewed monthly; and that internal controls are reviewed at least annually. Within the Office of Finance and Administration is a Purchasing Department, which has responsibility for prudently managing the University's resources while ensuring the procurement of quality goods and services. All administrative departments are required to review purchasing requests with the Purchasing Department to facilitate appropriate expenditures of Operating and Capital Budget funds.

The **second level of control** is at the department level. Budget reports are generated monthly and are made available to budget managers for the academic departments within the University. The budget managers for these departments are afforded the opportunity to raise questions about their

budgets and to obtain more detailed information regarding expenditures for a particular line item, e.g., supplies or travel.

The **third level of control** is at the President's Cabinet level. The President's Cabinet meets regularly at the call of the President and exercises oversight of finances by reviewing the year-to-date expenditures. Budget reports are reviewed [on the fourth Monday of each month]. These budget reports are essentially the same as the reports distributed to the budget managers (second level of control). During the meeting, the President has an opportunity to review with the senior administrators those expenditures that are under their control. The year-to-date expenditures are compared to the operating budget and the capital budget. The review at this level focuses on line items where year-to-date expenses have exceeded annual budgeted allocations. Again, members of the President's Cabinet may request more detailed information, if they have questions regarding the year-to-date expenses. Adjustments to the University budget, if needed, may be addressed.

The **fourth level of review** is at the President's level. The President leads all meetings of the President's Cabinet. As noted previously, the Cabinet reviews budget reports showing the year-to-date expenses compared to budgeted allocations. In addition to these monthly meetings, the President meets regularly with the CFO/Vice President for Finance and Administration and the Assistant Vice President for Finance/Controller/Treasurer, who serves as the chief budget officer for the University. These meetings include a review of cash flow, bank statements, ratios for bond covenants, major capital projects and related expenditures, financial projections, and returns from endowments and cash management.

The **fifth level of control** is at the governing board level. The Finance and Investment Committee of the Board of Trustees is responsible for overseeing all matters related to the University's financial affairs and business operations. The Finance and Investment Committee of the Board of Trustees meets quarterly to review financial statements and year-to-date expenditures, status of long term debt and required ratios, status of major capital projects and related expenditures, return on endowments, return on cash reserves, results of fundraising activities, and faculty and staff salaries and benefits. It also makes recommendations to the Board of Trustees on proposed operating budgets and capital budgets, including increases in student charges for tuition, fees, room, and meals, as well as discount rates.

The **sixth level of control** is the preparation of the annual audit. One of the responsibilities of the independent auditor is to perform tests of the University's internal control over financial reporting and compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters.

DEFINITIONS

Not applicable.

PROCEDURES/GUIDELINES

Not applicable.

RELATED POLICIES

Audit Policy
Cash Receipts Policy
Debt Policy
Investment Policy
Property Administration Policy

Purchasing Policy
Tuition and Fees Policy
Tuition Discount Rate Policy

7.3.5 Form 990 Filing

PURPOSE

The purpose of this policy is to set forth the University's policy and procedure regarding the filing of the annual Form 990 with the Internal Revenue Service.

POLICY

The Georgian Court University Board of Trustees recognizes that as part of its governance role its members must annually review the University's Internal Revenue Service Form 990 prior to filing with the IRS.

DEFINITIONS

Not applicable.

PROCEDURES/GUIDELINES

The Board of Trustees will conduct a review of the Form 990 prior to its filing on an annual basis with the IRS pursuant to the following procedures:

1. The CFO/Vice President for Finance and Administration is responsible for the timely preparation of the Form 990;
2. Once completed, the CFO/Vice President for Finance and Administration will deliver the Form 990 to the Board of Trustees' Finance and Audit & Compliance Committees sufficiently in advance of the filing deadline to enable a detailed and conscientious review by the committee members. All questions, concerns, etc. will be addressed by the CFO/Vice President for Finance and Administration and incorporated into the Form 990 as appropriate;
3. All members of the Board of Trustees will be invited to review the completed Form 990 in advance of the filing deadline. All questions, concerns, etc. of the members of the Board of Trustees will be addressed by the CFO/Vice President for Finance and Administration and incorporated into the Form 990 as appropriate;
4. After the Board of Trustees has received, read and voted to accept the Form 990, the CFO/Vice President for Finance and Administration will then file the final Form 990 as required.

RELATED POLICIES

Not applicable.

7.3.6 Independent Contractors

PURPOSE

The purpose of this policy is to set forth the University policy and procedures for the engagement of independent contractors.

POLICY

The University requires that a department intending to engage a service provider as an independent contractor follow University approval and contracting procedures before the performance of services. Independent contractor status for services must be approved by the Director of Human Resources and the Controller.

DEFINITIONS

Employee—a worker is an employee if the individual/unit for whom the services are performed has the right to direct and control the worker, not only as to the result to be accomplished, but also as to the details as to how the work is to be accomplished.

Independent Contractor or Consultant—if the worker is not an employee and meets the Internal Revenue Service (IRS) criteria, the worker is an independent contractor or consultant.

PROCEDURES/GUIDELINES

Determination of Status

Proper determination of whether a service provider is an employee of the University or an independent contractor ensures that the University complies with the requirements of The Fair Labor Standards Act, Immigration and Naturalization Service regulations and statutes regarding income tax withholding, unemployment insurance taxes, and Social Security and Medicare taxes. Improper classification may result in penalties to the University.

Process for Approval of Independent Contractor Status

An Independent Contractor Request Form is to be completed by the department desiring to engage the service provider. Attach a contract if applicable. Approval of independent contractor status and contract approval must be received before services can be provided to the University.

Risk Management Insurance

An independent contractor providing services to the University is required to provide Proof of Liability Insurance to the Director of Purchasing before beginning to provide services.

Present and Former University Employees

In general, services provided by employees of the University must be paid through Payroll. If an employee is performing services for the University which are totally unrelated to his employment with the University and which the employee regularly provides to others in pursuit of a trade or business, he/she may be considered an independent contractor. The Offices of Human Resources and Finance make the final determination of independent contractor status for a University employee.

Citizens of Other Countries

Only resident aliens, U.S citizens or those persons with TN visas may work as independent contractors or consultants.

Exclusions

Certain types of payments, which are listed below, may be processed without further consideration of status. All of these payments are subject to IRS reporting (1099 and 1042S) as appropriate.

1. Payments to corporations
2. Certain professional firms or partnerships (accounting firms, architectural firms, engineering firms and law firms)
3. Royalty or permission fees (including royalty payments to University employees)
4. Honorarium (payments to confer distinction or symbolize respect or admiration, paid at the discretion of the University, not as a fee charged by the person being paid and is not related to the performance of services). An honorarium paid to an employee **MUST** be paid through Payroll.
5. Prize or Award (reward for a competition or other scholastic achievement given to a non-employee). All payments to employees (including student employees) must be made through Payroll.
6. Minimal amounts or infrequent activity will be reviewed on a case-by-case basis as approved by the Assistant Vice President for Finance/Controller/Treasurer.

RELATED POLICIES

Not applicable.

7.3.7 Endowment Investment and Spending

PURPOSE

The purpose of this policy is to forth the goals, objectives, procedures and guidelines for the prudent management of Georgian Court University's endowment assets.

POLICY

Georgian Court University's endowment assets will be prudently managed in accordance with the goals, objectives, procedures and guidelines set forth in this policy.

DEFINITIONS

Investment Manager—any individual professional or group of professional individuals (i.e. firm) employed by the Board of Trustees to manage the investment of all or part of the University's assets.

Endowment Income—means a fixed percentage of the three-year average of the market value of the Endowment (Permanently Restricted) assets held by the University.

PROCEDURES/GUIDELINES

Investment Objectives and Goals

The University's Goals and Objectives for Endowment Investment are reflected in the table below. The University has endowment targets of Total Equity Exposure of 48%, Total Fixed Income Exposure of 26%, Total Alternatives of 15%, and Total Private Assets of 11%. The Board of Trustees Investment Committee meets four times a year to review these allocations; and based on recommendations from the University's consultant, some re-balancing may occur.

Asset Class (%)	Combined	Endowment Targets	Current	Scholarship Targets	Current
Large Cap – Socially Screened*	27	23	23	34	34
Small/Mid Cap Equity	6	5	5	6	6
International Equity	18	20	18	20	19
Total Equity Exposure	51%	48%	46%	60%	59%
Core Fixed Income	17	14	14	20	21
Real Return Plus	2	3	3	-	-
High Yield	7	6	6	7.5	7.5
Opportunistic Income	4	3	3	5	5
Ultra Short Duration	4	-	-	7.5	7.5
Total Fixed Income Exposure	34%	26%	26%	40%	41%
Special Situations	4	5	6	-	-
Structured Credit	3	5	6	-	-
Core Property Fund	4	5	7	-	-
Total Alternatives	11%	15%	19%	-	-
Private Assets	4	11	9	-	-
Total Private Assets	4%	11%	9%	-	-
Total	100%	100%	100%	100%	100%
* Scholarship Funds hold LC Disciplined Equity Fund. Totals may not equal 100% due to rounding.					

Endowment – Spending

In order to preserve the Institution’s endowment and the need for income stability through a predictable level of income from the endowment to provide a revenue component to the annual operating budget, the following spending guidelines have been established:

- The University’s endowment pool spending guidelines are designed to stabilize annual spending levels and to preserve the real value of the endowment portfolio overtime.
- To meet these objectives, the spending of the endowment return is limited to 4.5% of a three year moving average of the fair value of the pooled investment portfolio at the end of the calendar year (December 31), which includes all endowment funds and unrestricted investments functioning as endowment with the exclusion of the Scholarship in Residence fund and all restricted scholarship funds, and net of investment management fees and endowment related expenses.
- The return from applying this endowment spending rate is recorded in the operating revenues section in the consolidated statement of activities. Any difference between actual total endowment return, including realized and unrealized gains and losses, and the endowment spending rate is recorded in the non-operating section of the consolidated statement of activities.
- In years when yield exceeds amount appropriated under the spending formula, the excess will be maintained in the Development Fund. In the years when yield is

insufficient to support spending appropriations, the balance will be provided from the Development Fund.

- Departments cannot overspend the annual endowment distribution. If a department awards or spends more than the allocated distribution, it will be required to reimburse the fund from other departmental sources for the amount overspent.
- All uses of endowment distributions must be in accordance to the restrictions detailed in the original donor endowment agreement or any restrictions set forth by a resolution of the Board of Trustees or the Finance and Audit & Compliance Committees.

The Spending Formula guidelines will be reviewed annually by the Finance and Investment Committee.

RELATED POLICIES

Fundraising and Gift Acceptance Policy
Strategic Campaigns Policy

7.3.8 *Post-Issuance Tax Exempt Bond Compliance*

PURPOSE

The purpose of this policy is to establish policies and procedures in connection with tax-exempt bonds (the “Bonds”) issued by the New Jersey Educational Facilities Authority (the “Authority”) for loaned funds to Georgian Court University (the “Borrower”) so as to maximize the likelihood that all applicable post-issuance requirements of federal income tax law needed to preserve the tax-exempt status of the Bonds are met.

Bonds are issued pursuant to the New Jersey Educational Facilities Authority Law, constituting Chapter 72A of Title 18A of the New Jersey Statutes as enacted by Chapter 271 of the Public Laws of 1967, as amended and supplemented (the “Act”). The Act empowers the Authority to issue its obligations to obtain funds to finance and refinance an eligible educational facility as such may be required or convenient for the purpose of public or private participating institution of higher education such as Georgian Court University.

This policy is intended to define compliance practices including compliance actions, records management, and process continuity within the Office of Finance and Administration.

POLICY

In order to maintain the debt status as tax-exempt, the University must comply with post-issuance debt requirements. Post-issuance compliance responsibilities include:

1. Tracking that proceeds of a debt issuance are spent on qualified tax-exempt debt purposes;
2. Maintaining detailed records of all expenditures and investments related to debt funds;
3. Ensuring the project financed is used in a manner consistent with the legal requirements;
4. Reviewing bond terms annually to adhere to bond covenants and post issuance requirements;
5. Ensuring that any space in debt-financed buildings allocated to Private Business Use does not exceed the legal limits

6. Complying with arbitrage rebate requirements under federal tax regulations; and
7. Providing necessary disclosure information regarding financial and operating status annually.

DEFINITIONS

Non-Governmental Person—any person, firm, corporation, partnership, or entity (including the federal government and its agencies) that is not a state or local governmental unit. University-related Foundations are considered Non-Governmental Persons except where tax-exempt bonds have been issued by the University specifically for the benefit of the foundation (such bonds commonly referred to as “501(c)(3) bonds” or “qualified private activity bonds”).

Private Business Use—use in a Trade or Business carried on by or for the benefit of any Non-Governmental Person. Private Business Use does not include use of a facility by a member of the general public where the facility is open to the public and the user has no special legal entitlement to use of the facility.

Trade or Business—any activity carried on by a Non-Governmental Person other than an individual acting as a member of the general public.

Safe Harbor—a provision that shields a party from liability under the law provided that certain conditions are met. IRS revenue procedures contain several Safe Harbors relating to activities which could generate Private Business Use, the most important of which pertain to management contracts and research contracts

PROCEDURES/GUIDELINES

Proceeds Use

The CFO/Vice President of Finance and Administration is responsible for monitoring the use of Bond proceeds (including investment earnings and reimbursement of expenditures made before bond issuance) and the use of Bond-financed or refinanced assets (e.g., facilities, furnishings or equipment) throughout the term of the Bonds to ensure compliance with covenants and restrictions set forth in the Tax Certificate. The Vice President of Finance and Administration will be knowledgeable and versed in matters of bond financing and compliance. Training and resources in subject matter can be obtained through organizations such as NJEFA, AICUNJ, NACUBO, EACUBO or bond consultant companies.

The Authority has appointed The Bank of New York, West Paterson, New Jersey, as Trustee. Unexpended Bond proceeds are held with The Bank of New York as assets held in trust and the investment of Bond proceeds shall be managed by the Trustee. The Trustee, The Bank of New York, prepares regular, periodic statements regarding the investments and transactions involving Bond proceeds. Statements are received monthly and investment activity recorded in the University’s general ledger by the Finance Department. Statements must be delivered to the Authority if it so requests.

Records Management

Basic records relating to any debt transaction are maintained as well as documentation evidencing the: expenditure of debt proceeds; use of debt-financed property; and sources of payment or security for the debt.

Documentation pertaining to any investment of debt proceeds is retained. All relevant records and contracts shall be maintained as described below.

The University shall be responsible for maintaining the following documents for the term of each issue of Bonds (including refunding Bonds, if any) plus at least three years:

- A copy of the Bond closing transcript(s) and other relevant documentation delivered to the Borrower at or in connection with closing of the issue of Bonds;
- A copy of all material documents relating to capital expenditures financed or refinanced by Bond proceeds, including (without limitation) construction contracts, purchase orders, invoices, trustee requisitions and payment records, as well as documents relating to costs reimbursed with Bond proceeds and records identifying the assets or portion of assets that are financed or refinanced with Bond proceeds, including a final allocation of Bond proceeds and the Final Completion Report filed pursuant to the Loan Agreement; and
- A copy of all records of investments, investment agreements, arbitrage reports and underlying documents, including trustee statements, in connection with any investment agreements, and copies of all bidding documents, if any.

The University seeks to comply with regulatory records retention requirements. Federal regulations provide that records relating to a tax-exempt debt transaction should be retained for so long as they are material in the administration of any federal tax law. Therefore, it is recommended that material records be kept for the life of the debt, including any refunding of the debt, plus three years.

Financed Project

The Authority and the University shall consult with bond counsel and other legal counsel and advisors, as needed, throughout the Bond issuance process to identify requirements and to establish procedures necessary or appropriate so that the Bonds will continue to qualify for tax-exempt status. Those requirements and procedures shall be documented in the tax certificate and agreement (“Tax Certificate”) and/or other documents finalized at or before issuance of the Bonds. Those requirements and procedures shall include future compliance with applicable arbitrage rebate requirements and all other applicable post-issuance requirements of federal tax law throughout (and in some cases beyond) the term of the Bonds. The Borrower also shall consult with bond counsel and other legal counsel and advisors, as needed, following issuance of the Bonds to ensure that all applicable post-issuance requirements in fact are met. This shall include, without limitation, consultation in connection with any potential changes in use of Bond-financed or refinanced assets.

Bond Terms

Reviewing all bond covenants and conferring at least annually with personnel responsible for Bond-financed or refinanced assets to identify and discuss any existing or planned use of Bond-financed or refinanced assets, to ensure that those uses are consistent with all covenants and restrictions set forth in the Tax Certificate relating to the Bonds.

To the extent that the University discovers that any applicable tax restrictions regarding use of Bond proceeds and Bond-financed or refinanced assets will or may be violated, consulting promptly with bond counsel and other legal counsel and advisers to determine a course of action to remediate all nonqualified bonds. If such counsel advises that a remedial action is

necessary; review of any change in use of Bond-financed or refinanced assets to ensure compliance with all covenants and restrictions set forth in the Tax Certificate relating to the Bonds.

Private Business Use

Where tax-exempt debt is used to finance the construction or acquisition of facilities and capital equipment, the University must comply with IRS laws and regulations applicable to Private Business Use. Pursuant to the Private Business Use test set forth at 26 USC §141, the tax-exempt status of a bond issuance is jeopardized if more than 5% of the proceeds are used for Private Business Use (the applicable limit is 5% for bonds issued for the benefit of University-related Foundations and other 501(c)(3) affiliates).

Each debt issuance is subject to a limitation on the amount of “private use” permitted in the facilities funded by that issuance. The applicable limit is 5% for qualified 501(c)(3) debt issues on behalf of University-related Foundations. After completion of the financed project, the CFO/Vice President for Finance and Administration is responsible for ensuring that Private Business Use in the facility remains below the applicable limit for as long as the debt (including any refundings) remains outstanding. If the actual Private Business Use of the facility is determined to exceed the applicable legal limits, corrective action will be required.

The University’s debt-financing program will comply with all IRS laws and regulations applicable to Private Business Use in tax-exempt financed facilities.

The University’s Vice President of Finance and Administrator is responsible for ensuring that any space in debt-financed buildings allocated to Private Business Use does not exceed the legal limits.

For new capital projects, if debt financing is a component of the business plan, the Vice President of Finance and Administration, along with appropriate managers, should indicate in the request whether Private Business Use may occur in the planned new space. If so indicated, the Vice President of Finance and Administration must perform a private use analysis prior to recommendation of said business plan to the executive level or Board of Trustees. Where the project is partially funded by tax-exempt bonds, the percentage of that funding to the total capital project cost should first be calculated when performing the private use analysis. The Vice President of Finance and Administration **will work** to ensure that the reasonably expected Private Business Use will not exceed the applicable legal limit. If the expected Private Business Use of the facility will cause the debt issuance to exceed the applicable limit, the facility may be required to be financed with taxable debt which carries a higher borrowing cost.

Types of Private Business Use: Most Private Business Use in a tax-exempt financed facility arises from five types of arrangements:

Ownership: A sale or transfer of ownership to a Non-Governmental Person of tax-exempt financed property. Ownership is determined under federal income tax principles.

Leases: Any arrangement that is properly characterized for federal income tax purposes as a lease to a Non-Governmental Person.

Management Contracts: A management contract is any arrangement whereby a Non-Governmental Person actively manages the operations of a facility. Management contracts include, for example, contracts for dining services, facility management, or

bookstore. However, there are exceptions for certain contracts meeting the Safe Harbors set forth in Rev. Proc. 97-13. In order to meet the Safe Harbors, the contract must provide for reasonable compensation to the Non-Governmental Person for services rendered with no compensation based in whole or in part on a share of net profits. Arrangements that generally are not treated as net profit arrangements and therefore satisfy the Safe Harbor requirements include contracts for a percentage of gross revenues or expenses (but not both), or a per person or per unit fee. Management contracts must be analyzed in advance by the Vice President of Finance and Administration for their impact on tax-exempt financed facilities.

Research Agreements: Sponsored research by a Non-Governmental Person (including the federal government and its agencies) may result in Private Business Use unless the terms of the sponsorship agreement meet the Safe Harbors set forth in Rev. Proc. 2007-47. In general, sponsored research will not result in Private Business Use if: (i) the research in question is properly characterized as Basic Research; (ii) the University's licensing of the resulting technology to the sponsor is on terms no more favorable than those the University would extend to an unrelated, non-sponsoring party; and (iii) the price paid for that license is determined at the time the resulting technology is available for use. Additional exceptions (as described in Rev. Proc. 2007-47) apply for federally sponsored research and industry-sponsored cooperative research agreements.

Other Actual or Beneficial Use: Any other arrangement that conveys special legal entitlements to a Non-Governmental Person for beneficial use of tax-exempt financed property, such as an arrangement that conveys priority rights to use a tax-exempt financed facility, will result in Private Business Use. Examples of such "special legal entitlements" include summer camps having the exclusive right to use an athletic facility, specially designed courses open only to one company, or use of a parking garage for a private event.

Arbitrage Rates

The Vice President of Finance and Administration is responsible for overseeing compliance with arbitrage rebate requirements under federal tax regulations:

The Authority engages the services of a Rebate Service Provider to perform Interim Arbitrage Rebate Analysis for which the University reimburses this cost of services. A report is delivered which consists of computations and the assumptions on which such computations are based with respect to the rebate liability of the New Jersey Educational Facilities Authority (the "Issuer") in connection with the issue (the "Bonds").

Arbitrage Certificates – Within five years of the anniversary of the debt issue in order to close out the issue, the University or a consultant, must calculate any arbitrage on the debt in a final accounting, and make any required rebate payment.

Disclosure Information

Continuing Disclosure Requirements – Ongoing information on the University's financial condition must be provided to nationally recognized securities information repositories. The University will comply on a continual basis with the disclosure requirements of Rule 15c2-12; specifically certain financial information and operating data relating to the University by not later than one hundred and eighty (180) days after the end of its Fiscal Year. (June 30). The Trustee, The Bank of New York (BONY), files on behalf of the University with EMMA

(The Electronic Municipal Market Access) system. The Assistant Vice President for Finance/Controller/Treasurer provides audited financial statements and updated financial data to BONY annually to include with the securities information filing.

Post Issuance Violations

In 2007, the Tax Exempt Bonds (TEB) function of the IRS Tax Exempt and Government Entities Division (TE/GE) evaluated the post issuance compliance and record retention practices within the tax-exempt bonds industry. The Internal Revenue Manual sets forth standards for resolving post-issuance violations through the IRS's Voluntary Closing Agreement Program ("VCAP"). A referenced to this body is made here within to bring awareness of the availability of VCAP to resolve violations

Related Information

Chapter 72A Educational Facilities Authority New Jersey Statutes Annotated Title 18A Education

US Code: Title 26, Section 141 Private activity bond; qualified bond

IRS Revenue Procedure 97-13 (management contracts)

IRS Revenue Procedure 2007-47 (research agreements)

RELATED POLICIES

Not applicable.

7.3.9 Asset Inventorying, Disposal and Impairment

PURPOSE

The purpose of this policy is to establish the policies and procedures regarding safeguarding, accounting for and disposing of University and sponsored-owned property.

POLICY

General responsibility and accountability for all property in use rests with the Deans, Department Chairpersons, and Directors of departments of the University. This is an administrative responsibility, which is inherent in the position of any budget unit. All responsible administrators must ensure compliance with the inventory procedures set forth in this policy in order for the University to document the equipment acquired as being properly utilized, maintained or disposed of.

The maintenance of the University property management records is the responsibility of the Purchasing Department. Property records must be maintained in a current and accurate status based upon the input received from acquisition, inventory, and disposition processes as well as status changes received from individual departments.

An internal auditing committee will be established to determine the effectiveness of the property procedures and the compliance with them by Georgian Court University departments. This committee will be made up of members of the Finance Department and Purchasing Department.¹

¹ Georgian Court University Purchasing Manual, Part 2.

DEFINITIONS

Accountable Property (Taggable Equipment)—includes Capital Assets, Electronic Data Processing Equipment and Donated Furniture or Equipment:

Capital Assets—A piece of equipment or furniture costing \$5,000.00 or more and having a useful life of two or more years. Example of this type of equipment are: office equipment, copiers, furniture, audio visual equipment, grounds equipment, athletic equipment etc.

Electronic Data Processing Equipment—all computer equipment and all computer equipment related components. Example in this category include main frames, printer, disk drives, personal computers, modems etc.

Donated Furniture or Equipment—any donated furniture or equipment that is valued at \$1,000.00 or more.

Non-Taggable Equipment—equipment or furniture costing \$100.00 but less than \$1,000.00. Telephones, calculators and miscellaneous office equipment are examples.

Artwork, books and antiques are handled in separate inventories.

Draperies, shades, carpet and similar items are considered part of a building's inventory.

PROCEDURES/GUIDELINES

Property Management and Control Guidelines

The management and control of University and sponsor owned equipment and furniture is the responsibility of every individual involved in the acquisition, use and disposition of same. Georgian Court University is accountable for the proper use and security of this equipment. Most problems can be averted by complying with the guidelines as follows:

- Property Security: store materials in a locked area when applicable and utilize all factory and University installed security devices;
- Proper maintenance and handling of all equipment and furniture;
- Mandated physical inventories; and
- Prompt reporting of transfers to other locations or departments.

The useful life of equipment can be increased by adhering to these guidelines and will facilitate the inventory process.

Identification and Tagging Procedures

An identification number will be assigned to all current University property to serve as the control for the property throughout its useful life. This identification system allows an analysis of all the equipment available within a given classification such as personal computers, printers etc. The analysis can be broken down by departments, buildings, types of equipment or by the University in its entirety.

In general tags will be affixed to the equipment adjacent to the manufacturer's nameplate or in a position for easy sighting. All tags must remain affixed as long as the property is in possession or in the control of the University. Inventory personnel will be responsible for affixing the tag after the equipment has been delivered to the final location. Departments are

requested to assist by providing access to the equipment and helping with technical identification. At the time when the property identification tags are affixed, personnel will validate the following information: responsible department, equipment type, serial number, model, location, building and room number.

Updating the Property Inventory Control Files

The property inventory control file must be updated when one of the following occurs:

1. Receipt of equipment-add the item to the active file.
2. Transfer between departments
3. Transfer to new location
4. Disposition of item: junk or salvage; trade in on new equipment; cannibalization (see Disposal Procedures below)
5. Missing or stolen items must be reported to security. Copies of such reports must be forwarded to the Purchasing Department.

No updating to the inventory file may occur without a source document (e.g. purchase order, change of property status form).

Under no circumstances may equipment be traded, exchanged, sold, removed to an off campus location or disposed of prior to obtaining approval from a Dean, Chairperson, or Supervisor to do so.

Off-Campus Use

As a general policy, University property may not be removed from authorized locations. However, situations may arise beneficial to the University, where members may remove property to an off-campus property.

Property that is owned by Georgian Court University, or for which the University is responsible, is to be used for University purposes only.

When a member of the University community has need to remove such property from authorized University locations, the following requirements must be met:

- Property to be removed to an off-campus location must be solely used for University purposes.
- If an individual removes such property from an authorized location, they assume the responsibility for the proper care, transportation, security and ensure they the property will be returned in satisfactory working condition on completion of requirements.
- Approval to remove property from authorized locations must be secured authorization shall be maintained in the office of the approving authority and a copy submitted to and maintained in the Purchasing Department.
- Such property shall be returned to the original University location as soon as possible, unless an extended period is specifically approved. Approvals will be limited to the current fiscal year, and must be renewed at the beginning of each fiscal year. In addition, the time of any University wide inventories, all properties will be returned to the authorized location so that it can be accounted for by the physical inventory.

- In the event of an extended absence, change of status or separation from the University of an individual who has property off-campus, the property must be returned to the authorized location prior to separation.
- All property removed from the University is subject to immediate recall by the University at any time.

Disposition of University Accountable Property

Disposition of University accountable property is the primary responsibility of the Purchasing Department. The property disposition procedure applies to all departments.

Disposal Options

The first option for items that are deemed surplus property is always re-circulation within or among other departments. Unauthorized removal or disposal of University owned, loaned, or donated property, regardless of value, constitutes a violation of University policy.

Procedures for Disposal of Surplus Property

The Purchasing Department must be notified immediately when a department has surplus property. The item description, condition, location, and inventory control tag number shall be conveyed with this notification. Furniture that will no longer be needed should be declared as surplus. Surplus Equipment will remain in the campus storage until re-allocated or sold.

Surplus personal property in which the Federal Government or other entity has a legal interest should be transferred to such entity when no longer needed.

From time to time, the Purchasing Department may hold “surplus sale days.” During a surplus sale day, the area in which the surplus property is stored will be open for prospective purchasers to view and buy surplus equipment.

All donations of surplus property must be approved in advance by the Purchasing Department.

In the event a department or division possesses technology hardware or software that is no longer required due to excess of useful life, lack of continued need, inability to upgrade required hardware or software, damage; excessive maintenance cost, or incompatibility with new hardware, all such equipment must be sent to Information Services for evaluation. See the University’s IT Hardware and Software Policy for procedures pertaining to IT equipment.

RELATED POLICIES

Capitalization and Depreciation Policy
 Hardware and Software Disposal Policy
 Purchasing Policy

7.3.10 Unrelated Business Income Tax

PURPOSE

The purpose of this policy is to comply with applicable IRS regulations and to inform University departments of the procedures/guidelines to identify unrelated business activities and then report the revenues and associated expenses generated by such activities.

POLICY

It is the policy of the University that all unrelated business income be accurately reported on the University's federal tax return each year in accordance with IRS rules and regulations. To support this reporting, it is essential that any potential sources of unrelated business income be reported to the CFO/Vice President for Business and Administration office for determination of whether or not unrelated business income exists. It is the responsibility of the department heads to ensure that unrelated business income is tracked within their departments in a manner that facilitates the required reporting to the IRS.

DEFINITIONS

Gross Income—gross receipts less cost of goods sold or reserves provided.

Unrelated Business Income (UBI)—income from a regularly carried on activity that is not substantially related to the exempt purpose of the University (e.g. not educationally or research based) is classified as unrelated.

Unrelated Business Income Tax (UBIT)—for an activity to be subject to UBIT, it must meet all of the following criteria: (1) it must be a trade or business for the production of income from selling goods or performing service, (2) the trade or business must be regularly carried on, and (3) it must not be substantially related to the carrying out of the organization's exempt purpose. An activity is not taxable if one or more of these conditions is absent. When an activity meets all three criteria, several exceptions found in the Internal Revenue Code must be reviewed to determine whether the activity may be excluded from the IRS Form 990-T filed annually by the University.

PROCEDURES/GUIDELINES

Procedures

Any department that has reason to believe that any existing or new activity may potentially generate UBI must contact the Controller's Office to discuss the specific facts surrounding that activity. In consultation with University's independent tax consultants or legal counsel, a determination will be made regarding whether UBI exists.

If it is determined that UBI exists, the Controller's Office will keep an accounting of the income associated with it.

The Controller's Office will determine all direct and indirect expenses associated with an activity that may produce UBI. This will include an allocation of certain general and administrative expenses to the activity where applicable.

The Controller's Office will keep a summary statement of UBI activity and will periodically review this summary with the external auditors to determine if the activity is reportable on the 990-T tax return.

Guidelines:

The following guidelines will be used to determine the existence of UBI:

The use of revenue generated from the activity for the purpose of improving the quality of instruction or activity that is in line with the educational mission makes no difference on reporting requirements. It is the source of income that determines the UBI status.

The Controller's Office will exclude the following activities from reporting as unrelated business income. Any activity that: (a) exists primarily for the convenience of Georgian Court

University students or employees; (b) is infrequent, i.e., the activity is not regularly scheduled and infrequently carried on; (c) is substantially related to the University's exempt purpose provided the activity is not carried on to an extent greater than necessary; (d) is not a "trade or business;" (e) has 85% or more of the income from the activity generated from the sale of donated goods; (f) is derived from labor which is at least 85% volunteer.

Basic Exclusions and Exemptions from UBI:

Convenience: Income from an unrelated trade or business that is carried on primarily for the convenience of students or employees is not taxable.

Investment Income: Dividends, interest, capital gains and other income received from the holding of the University's investments are generally not taxable.

Royalties: A royalty is passive income received from entities external to the University for the use of University property or rights. Royalty income is not taxable.

Real Property Rents: Rents from real property (buildings, apartments, commercial space) are not taxable. However, if the rent includes compensation for services rendered to the tenant, the income may be taxable.

Personal Property Rents: Although rents from personal property (furniture, household appliances) are generally taxable, such rents may be non-taxable if they are an incidental amount (less than 10%) of the total rents received under a lease for real property.

Research Funding: The funding for any research conducted in any school, college, department or center within the University is not taxable.

RELATED POLICIES

Not applicable.

7.4 Purchasing Policies

7.4.1 Procurement Credit Card Policy and Procedures

PURPOSE

The purpose of this policy is to establish the policies and procedures that guide the responsible use of Georgian Court University (GCU) issued procurement credit cards.

POLICY

Purchases made with the University-issued credit card must comply with the following:

- GCU's Purchasing Policy and Procedures
- GCU's Travel and Business Expense Policy

Purchases must also meet the following requirements:

- An original itemized receipt must support each purchase and include the vendor's name, transaction amount, date, itemized description of the items purchased, participants, and the business purpose. (Cardholders must document who, what, why, when and where to comply with IRS regulations.)
- All purchases are the property of GCU and must be delivered to the University's address.

- For year-end purchases, items must be received on campus by June 30.

DEFINITIONS

Not applicable.

PROCEDURES/GUIDELINES

Examples of allowable purchases on card include:

- Office products and supplies not contained within the centralized supplier.
- Books & subscriptions
- Approved dues/membership organizations
- Approved conference / seminar registrations
- Printing/duplication/copy services
- Travel (housing, meals, transportation)

Prohibited Purchase Card Uses

The use of Purchase Cards is NOT allowed for the following:

- Personal purchases
- On campus purchases
- Personal services from individuals (1099 non-employee compensation), including consultants and speakers. These payments must be requested through the Accounts Payable Office by submitting a Check Request Form and invoice along with an IRS W-9 Form properly completed and executed by the payee.
- Projects funded by grants or contracts sponsored by an outside agency (e.g., Federal, State, Foundation or other organization.)

University Liability

Charges to the American Express credit card are the University's liability and have no impact on an employee's personal credit. Although the card is issued to a specific GCU employee, the card is the property of Georgian Court University, and is only issued at the supervisor's request and the required approval of Finance. The University is not liable for transactions made by a terminated employee. Once notice is provided to the Finance Department, the card is cancelled.

Cardholder Responsibility

- It is the cardholder's responsibility to know their available funds and spend within their budgeted limits. American Express credit card purchases that exceed budget will result in suspension of procurement card privileges. Please remember that you are committing GCU funds each time you use the American Express credit card. This responsibility should not be taken lightly.
- While the cardholder is authorized to make purchases on behalf of the University, good stewardship of University funds still requires due diligence. Consequently, it is University policy to seek the lowest prices within the parameters of quality, delivery and the efficient use of the cardholder's time. Accordingly, whenever making a credit card purchase,

adhere to the guidelines set forth in the University's Purchasing Policy (i.e., involving the Director of Purchasing for equipment purchases and any goods exceeding the stated threshold).

- The Cardholder must protect the security of the American Express credit card at all times. If the card is lost, stolen, or becomes compromised, the Cardholder must immediately notify American Express, Finance and the approving supervisor.
- Cardholders are responsible for the transactions identified on their statements and must obtain original itemized receipts and document that transactions are University-related expenditures in accordance with GCU's policy requirements. Cardholders will be required to reimburse the University with personal funds for any activity they are unable to properly substantiate as a business expense.
- Cardholders must ensure that sales tax is not charged on exempt purchases. (Provide Form ST-5, see Appendix. The form can be copied.)
- Cardholders must review and reconcile their monthly statement by verifying that all transactions are valid, legitimate purchases and are coded correctly. Thorough descriptions documenting the business purpose for each transaction must be provided.
- Cardholders must attach original itemized receipts or other required documentation for every transaction to their monthly statement and submit it to cardholder's approver by the specified deadlines.

Returning the American Express Credit Card

Upon separation, termination or retirement, American Express credit cards must be surrendered to the cardholder's immediate supervisor, who then is responsible to deliver it to Finance. Approvers must notify Finance within 24 hours of employee separation for timely card cancellations.

Code of Ethics

- Cardholders must refrain from any actions which could be construed to conflict with the best interest of the University or to prejudice the University's reputation. American Express credit card cardholders are expected to be free of conflicts of interest or relationships which are, or potentially could be, detrimental to the best interest of Georgian Court University.

Tax Exempt Status

Merchants are usually required by tax authorities to include the applicable sales and use tax at the time of purchase. The amount of tax is dependent on a variety of factors including the state, county and city where the goods are purchased. GCU is tax exempt for purchases. The sales tax exempt number may not be used for any other purpose than purchases for GCU. It is the cardholder's responsibility to remind the cashier at the time of purchase that GCU is tax exempt. (GCU Federal Tax ID # 21-0634981)

Cardmember Web-based Tools

Cardholders can check account activity and view billing statements online. The website is <http://atwork.americanexpress.com>. See also the Frequently Asked Questions webpage at <http://atwork.americanexpress.com>

Cardholders that have any difficulties accessing their statements, or who require additional assistance, may contact the service center at 1-800-542-0995, Monday through Friday between 5:30am- 4:30pm (MST). In addition, cardholders may contact the Accounts Payable Office for a copy of the University's Frequently Asked Questions document.

Reconciliation and Payment

Unlike personal credit cards, the American Express credit card program is handled as a corporate liability. The cardholder's personal credit history has not been taken into account when a card has been issued in the cardholder's name. GCU's Accounts Payable Department is responsible for paying the invoice each month. The cardholder is not responsible for direct payment of the account balance.

It is the cardholder's responsibility, immediately upon receipt, to reconcile his or her statement. Download the statement to excel. Once downloaded, add a column for general ledger account number where the cardholder will code each transaction for proper expense recording. Provide a business purpose for each transaction, submit a receipt for each purchase and verify that all expense coding is correct. When the cardholder has verified that everything is in order, then, the statement and original receipts must be emailed to the cardholder's approver. The cardholder's approver will review the submitted receipts, approve the statement and then forward them to the Accounts Payable Office for a final review and payment.

The cardholder is required to obtain original itemized receipts. For orders placed via phone, fax or mail, the cardholder must request a receipt, detailing merchandise price, sales/use tax, freight, etc., be included with the goods mailed/shipped. It is recommended that the cardholder request the receipt be faxed to the cardholder's attention prior to the goods being shipped, to ensure that a receipt for statement reconciliation is available. It is extremely important to request and retain purchase receipts, as this is the only original documentation to substantiate the purchase as a valid business expense.

Acceptable Documentation

An original itemized receipt or substitute documentation must support each purchase as listed below:

- Original itemized receipt or invoice from the vendor including the following: (1) vendor name; (2) transaction amount; (3) date; (4) itemized description of the items purchased and (5) for meals, include the names of individuals participating/attending the meal or the name of the group and the business purpose or reason for the meal--note: alcohol is NOT reimbursable.
- A screen-print or order confirmation e-mail when making Internet purchases, or a copy of an order form that was mailed to a vendor to request an item.
- If the employee is unable to obtain the above listed documentation, a Missing Receipt Form must be completed documenting the transaction and verifying it was for official University business.

Approvers

The approver must approve or decline the cardholder's statement based upon the rules in this procedure. After reviewing the cardholder statement, the approver will forward the statement (with original receipts attached) to the Accounts Payable Office for final review. If areas of

concern or non-compliance are noted on the cardholder's statement, the approver will inform the cardholder and help resolve the issue.

Approver Responsibilities

- Verify that expenses were incurred in the conduct of University business and in compliance with GCU's policies.
- Confirm that expenses are adequately documented specifying who, what, why, when and where in accordance with IRS regulations. The IRS's assumption is that improperly documented business expense reimbursements are compensation payments that must be reported and taxed as income to the individual.
- Ensure that expenses are charged to the proper account numbers and within budgeted amounts.
- Approve the monthly statement after reviewing account coding, descriptions and reasonableness of purchases by specified deadlines.
- Forward the statement (with original receipts attached) to the Accounts Payable Office for final review and payment. If areas of concern or non-compliance are noted on the cardholder's statement, the approver will inform the cardholder and help resolve the issue.
- From receipt of email alert that statement is available for review:
 - Cardholder has 2-4 business days to submit to supervisor.
 - Supervisor has 1-3 business days to submit to Accounts Payable.

If deadlines are not met, this will directly impact the University's percentage for cash rewards.

RELATED POLICIES

Accounts payable and credit card policies and procedures
Purchasing Policy and Procedures
Travel and Business Expense Policy

7.4.2 Purchasing Policy and Procedures

PURPOSE

The purpose of this policy is to establish the policies and procedures that guide the responsible expenditure of Georgian Court University funds to procure goods and services necessary to support the mission, goals and objectives of the University, while ensuring that University resources are protected, that their use is optimized, and that the requirements of the sponsoring agency are met for sponsored research procurements.

POLICY

It is the policy of Georgian Court University to purchase goods and services from external sources on the University's behalf based on sound business practice, best value, accountability, and compliance with sponsor, donor and regulatory requirements, as appropriate. All purchases of goods and services on behalf of the University must follow the principles, procedures and guidelines as set forth in the Procedures section of this policy.

Any purchase by University employees without prior consent by the appropriate approver will be the sole responsibility of the person making the unauthorized purchase. Depending on the circumstances, employees making unauthorized purchases may be subject to disciplinary action.

DEFINITIONS

Competitive Pricing, Bids or Proposals—all documents, including those attached or incorporated by reference, used for obtaining responses for a solicitation where an award will be made on the basis of price, as well as technical merit and/or product quality/suitability.

Emergency—an instance or situation where a threat to health, safety, life, limb exists, or where a necessary service is threatened with material damage or suspension or where University buildings or property are threatened.

Purchase Order (P.O.)—the document used to order a product or service from an external vendor.

Requisition—the form used as the input document to prepare a Purchase Order (PO), which is the official authorization document to order goods or services from a vendor.

Requisitioner or Buyer—the authorized (individual or department initiating a requisition of services or goods.

Sole Source Purchasing—when a buyer wishes to use one (1) vendor without allowing for competitive pricing.

Vendor—refers to a person or organization that provides goods or services to the University. The term vendor is used interchangeably with the term supplier or contractor.

PROCEDURES/GUIDELINES

Authority for Procurement

The Purchasing Department is a division of Georgian Court University. The President of the University through the Office of Finance and Administration has delegated all procurement contract activities to the Purchasing Department.

Responsibility and Objectives

The functions of the Purchasing Department are the organization and administration of centralized purchasing services for all departments of the University. In providing these services in accordance with sound business practice, the office seeks to realize for the University the maximum value for every dollar expended.

To achieve this goal, the Purchasing Department has been charged by the President of the University with responsibility for the following:

- Securing competitive bids as required to obtain maximum value for expenditure of University funds.
- Handling mechanical operations in procurement, obtaining quotations, and expediting deliveries.
- Maintaining liaison with the vendors that service the University.
- Coordinating the procurement of goods and services for the academic, administrative, and research departments of the University.

- Developing sources of supply to assure that all University departments have an adequate number of vendors from which to obtain supplies, equipment and services.

Funding Sources

Budget managers are responsible for ensuring the availability of funds prior to submitting a requisition request. Buyers may not commit funds under the management of other offices. Requisition action may not be initiated in the anticipation of funding that may be provided at some future date.

It is the Budget manager’s responsibility to periodically review their departmental budget reports on the portal. Additional questions about sufficiency of funds must be directed to the Controller.

Unbudgeted or “over budget” expenditures are considered an extraordinary situation and must be specifically approved by the CFO/Vice President for Finance and Administration.

All Purchases Require a Requisition

Requisitions may be submitted to the Purchasing Department via paper, email or the business portal. Any employee of the University may create a requisition, however, the applicable Director or Department Head must approve it before the Purchasing Department can act on it. Exceptions to this procedure will be made in the event of an emergency, in which case the requisition must be submitted as soon as possible after the emergent situation. Approval authority may be delegated in the absence of the normal approver if a “Delegation of Approval” form is submitted to the Purchasing Department in advance. Requisitions for purchases over \$225,000 must also be approved in writing by the CFO/Vice President for Finance and Administration (“CFO”).

All requisition requests must contain the following required information:

- A full description of item or service required
- The general ledger and department account codes
- The name of vendor if known
- Authorization at Director level or above.

In addition to the above, all grant related purchases must be authorized by the Communications and Grants Specialist, who will review the requisition request for compliance with the terms of the grant.

Business Portal and Great Plains Purchasing System

The business portal is part of the University’s GP automated purchasing system. It allows the user to create requisitions online. The requisition is then forwarded via the system to an authorized approver. When the requisition is approved, it is sent to the Purchasing Department for purchase order (“PO”) creation. The requisitioner is then notified that the requisition has been converted into a PO. This is all done on University computers without the need to exchange paper work.

Individuals that have been granted access to the Business Portal must use the portal for requisitioning.

Purchasing will change account codes if requisitions contain obviously incorrect codes. Codes must be accurate based on the guidelines established by the Georgian Court University Office of Finance. Charging particular line item accounts based solely on the availability of funds is not permitted. Funds can be transferred between general ledger accounts via procedures implemented by the Georgian Court University Office of Finance.

Purchases Not Exceeding \$1,000

Purchases of less than \$1,000 may be processed directly by the using department. PO forms may be obtained from the Purchasing Department using the following procedures:

- After order is placed, send a copy of the PO and requisition to the Purchasing Department.
- Sole source purchasing is allowed.
- Georgian Court University is sales tax exempt. If the vendor requires a tax-exempt certificate, the Purchasing Department must be contacted.
- When the item is delivered, a copy of the packing slip must be retained as proof of delivery.

This procedure may not be used if the Purchasing Department has established blanket orders or contracts with a selected vendor for price and service improvement, i.e. office supplies. If in doubt, the Purchasing Department must be contacted.

Purchases \$1,000 - \$10,000

The Purchasing Department must process all orders in this range unless authority is delegated to another person or department. In those instances where emergency orders must be placed, the requester must notify the Purchasing Department as soon as possible. Pricing will be determined according to the following criteria:

- Competitive quotations solicited at the discretion of the Purchasing Department
- Discount from price lists
- Conformance with previous pricing offered within the last year
- State, Board of Education or GSA contracts offered
- Sole source

Purchase \$10,000 - \$224,999

The Purchasing Department must process all orders in this range. Purchases in this price range must meet the following criteria:

- Competitive quotations are required.
- Sole sourcing without competition is allowed. Requesting department must submit in writing, an acceptable reason for waiving competition.
- All orders will be placed by the Purchasing Department.

Purchases \$225,000 - \$499,999

Purchases in this price range must meet the following criteria:

- Competitive quotations are required.
- Purchase must be approved, in writing, by a Vice President, the Provost, or the President.
- Sole sourcing without competition is discouraged. The requesting department must submit in writing an acceptable reason for waiving competition. The sole source justification must be approved by Vice President of Finance and Administration.
- All orders will be placed by the Purchasing Department.
- Formal contracts are encouraged at this purchase level.

Purchases Over \$499,999

Purchases in this price range must meet the following criteria:

- The Purchasing Department or a designated department will prepare and submit a board resolution in accordance with Georgian Court University Board of Trustees meeting schedule.
- Three (3) written formal bids must be presented to the Board of Trustees, along with all applicable paperwork.
- Upon completion of bid process and review, the contract will be awarded to the lowest responsible bidder.

Vendor Selection

Vendors are selected according to the following guidelines:

- Vendors will be selected based on fairness of price and ability to furnish the required quality and delivery. Departments are encouraged to indicate a suggested vendor. Purchasing will make the final vendor selection.
- Furnishing detailed specifications and descriptions to allow vendors to provide accurate pricing for the required product or service are the responsibility of the requesting department.
- Vendors will be qualified using the “Supplier Information” forms as appropriate.
- The Purchasing Department’s goal is to foster long term relationships with qualified vendors who can bring maximum value and benefit to the University.

Emergency Purchases

An “emergency” is defined as an instance or situation where a threat to health, safety, life, limb exists, or where a necessary service is threatened with material damage or suspension or where University buildings or property are threatened. If an emergency situation occurs, the following steps must be taken:

- A Declaration of Emergency will be declared if any of the above criteria is met. The declaration will include a brief description of the nature of the problem and reason why it must be dealt with as an emergency.

- The Purchasing Department is contacted and every effort is made to obtain at least three competitive bids or proposals from qualified contractors to undertake the necessary work.
- When at least three (3) competitive bids or proposals are not obtained because of urgency or other factors, a designated University employee will choose the contractor. Copies of the Declaration of Emergency, competitive bids or proposals obtained are to be forwarded to the Purchasing Department.
- For insurance purposes, all damaged equipment, etc. should be kept in its original location, if possible, until it is reviewed by an authorized insurance representative.

Sole Source Justification

Sole source purchasing is when a buyer wishes to use one (1) vendor without allowing for competitive pricing. The following is required to justify such sole vendor purchases:

- An explanation as to why only one source is available.
- A determination of the reasonableness of the total amount to be paid for goods and or services.
- The basis for estimating the quantitative aspects of the proposal (e.g. labor hours, number of trips, reproduction costs, hourly pay rates, etc.)

Split Ordering

Splitting purchases at any threshold to circumvent procedures is prohibited. If one department or several departments are purchasing the same or similar items within a reasonable period of time, the Purchasing Department will make every effort to combine purchases to maximize savings. Knowingly treating purchases of similar goods/services as separate orders is considered a violation of policy.

Printing

- All requests for printed materials, other than Georgian Court University stationery, must be directed to the Office of Marketing and Communications for processing.
- Requests for stationery items that include letterhead, envelopes, business cards, etc., should be directed to the Purchasing Department.
- All printing must be in conformance with the Georgian Court University “Branding & Visual Identity Manual”. Copies are available online or from the Office of Marketing and Communications.

Travel

In accordance with the University’s Travel Policy, all University-related travel must be approved in advance by an immediate supervisor. Employees whose travel plans have been approved are responsible for making their own travel arrangements. When travel is completed, employees must submit a completed Travel Expense Form within five (5) days and otherwise adhere to the procedures set forth in the Travel Policy.

Payment to Non-Resident Aliens

All payments for services performed for the University in the United States by non-resident aliens are reportable to the IRS, and may be taxable. All payments for non-employee services will be subject to withholding at the statutory rate. However, the alien may be able to claim an exemption from this withholding if there is a tax treaty provision between the US and the alien's country of citizenship.

Note: Payments will not be made to individuals who are subject to U.S. economic or trade sanctions per the U.S. Office of Foreign Assets Control (OFAC). Individuals subject to such sanctions are listed on OFAC's Specially Designated Nationals List (SDN). Departments proposing to make payments to non-resident aliens must check this list in advance of making payment arrangements.

Computer/Information Technology

Purchases of computer technology for campus use must be coordinated through the Office of Information Technology Services in accordance with the Information Technology Change Control Policy. This policy applies to all computing- and network-related resources, telecommunications devices, audio/visual equipment and services, and technology consulting, whether located on the campus or in remote locations or facilities, including fiscal budget items and grant-based items.

Georgian Court University gains benefits from the practice of purchasing equipment according to agreed-upon standards. Standard configurations achieves the following benefits: better pricing for components and supplies, less administrative overhead; better support, less costly maintenance, and a better ability to train and provide assistance with computer technology.

In addition, this standardization provides for the implementation and management of a total cost of ownership program ensuring state-of-the-art technology throughout the campus and provides for the establishment of strategic technology partnerships between Georgian Court University and vendors.

A department or individual in need of technology equipment or services must contact a representative of the Office of Information Technology Services (OITS) to discuss their technology needs. In most cases the requisition will be created by OITS. The Purchasing Department will act on the requirement only after OITS has approved the purchase.

Gifts and Gratuities

It is the policy of the Purchasing Department as well as other related personnel of the University to decline personal gifts or gratuities in connection with the purchasing function. Purchasing Department staff may not accept personal gifts or gratuities from any current or potential supplier of goods or services to the University.

Conflict of Interest

All employees of Georgian Court University have an obligation to avoid any conflicts of interest or even the appearance of a conflict of interest when selecting vendors for purchasing on behalf of the University. Possible conflicts of interest may include, but are not limited to, the following examples:

- A University employee acting as both seller and purchaser in the same transaction(s) where goods or services are involved;

- A University employee participating in any way in any negotiation or transaction between the University and a current Georgian Court University student, faculty or staff member;
- A University employee participating in any way in any negotiation or transaction between the University and a business entity in which the employee or the employee's Close Relation has a personal, managerial or substantial financial interest. A Close Relation is defined as a spouse, mutual financial dependent, significant other, or person in an intimate relationship; a child, parent, sibling (including in-laws and step-relations), grandparent or grandchild, niece or nephew, aunt, uncle or cousin.
- A University employee is (or expects to be) retained as a paid consultant or contractor by an organization seeking to do business with the University;
- A University employee soliciting personal gifts or special favors from an individual or entity that provide, or seeks to provide, services or supplies to the University;
- A University employee accepting a personal gift or gratuities from individuals or entities that provide, or seek to provide, services or supplies to the University;
- Conditioning any actual or potential business relationship with the University on a charitable gift or contribution to the University.

The only exception to this policy is in situations where there is positive proof that the employee will not benefit either monetarily, or by any other means, and the University will benefit as a result of the transaction.

See also the Code of Ethics - National Association of Educational Procurement section below.

Gifts Cards and Certificates

In compliance with IRS guidelines, gift certificates and gifts cards purchased by any means and charged to a University or departmental budget are treated as taxable income to the recipient and must be reported to the IRS. A University Employee ID number is required for any member of the University community receiving a gift, prize, or award utilizing University funds.

Invoice Processing

All invoices must go directly to the Accounting office for payment. In the event that a department feels a vendor has not successfully met the terms and conditions of the purchase order and consequently does not feel payment should be made, the department must notify the Purchasing Department immediately, in writing, of the details.

End of Fiscal Year Purchases

The cutoff date for requisitions is June 5. This means that individuals desiring to have the current year's budget charged, must place the requisition as early as possible. Because of processing time, requisitions received after June 5 will generally result in a charge to next year's budget.

Damaged Deliveries, Mistakes and Returns

Damage: In cases of damage of shipment, a written report must be submitted immediately to the Purchasing Department, with following details: PO number; date; vendor; and extent of

damage. Government regulations require the University to file claims within a specific number of days. Failure to comply with these regulations could result in disallowance of the claim.

Mistakes: Mistakes in shipping must be reported promptly in writing to the Purchasing Department, referring to the purchase order number and vendor involved. Departments must give sufficient detail concerning the mistake so that the Purchasing Department may take steps to correct the error with the vendor.

Returns: When a vendor has shipped items as specified on a PO, they have legally complied with their part of the contract and are under no obligation to accept for credit any of those items delivered as specified. Acceptance of a return by a vendor is by no means automatic, and a restocking charge may be incurred. This charge will be assessed to the requisitioning department. Requests for permission to return supplies or equipment to the vendor for adjustment or credit must be cleared through the Purchasing Department. Credit memos received by a department must be processed through the Purchasing Department via a Change Order Notice.

Minority Suppliers

Georgian Court University is committed to the principles of Affirmative Action and will endeavor to apply these principles in its purchasing to foster greater participation by minority-owned enterprises.

Errors in Quotations

Vendors are responsible for the accuracy of their bids. Simple math errors may be corrected without disqualifying the proposal. More serious errors and/or omissions may result in rejection of the quote. If the vendor changes or withdraws the quote after the issuance of a purchase order, the PO may be cancelled if this is deemed in the best interests of the University. Any quotes which are tendered past the bid deadline may be rejected.

Price quotations are confidential documents and are not to be shared with any other vendor or unauthorized person.

Demonstration or Sample Items

Departments or individuals desiring to test samples or have equipment demonstrated must contact the Purchasing Department with their requirements. The Purchasing Department will make suitable arrangements with a qualified vendor. It is essential that the vendor understand Georgian Court University is not making a commitment to purchase by evaluating its equipment.

Insurance and Safety Requirements

Prior to the start of any work or service on a GCU site site, the vendor must provide evidence of suitable insurance coverage. Purchasing will request Certificate of Insurance. Lack of required coverage will disqualify the vendor from performing work for Georgian Court University.

At the Georgian Court University, the personal safety, health and environmental stewardship of our employees, contractors, students and visitors is of utmost importance. Contractors and sub-contractors performing work under contract for the University are expected to meet or

exceed applicable safety, health and environmental Federal, State and Local regulations, and the requirements within the University's Contractor Safety Guidelines.

Specifically, the University requires health, safety and environmental stewardship responsibilities of the contractor as follows:

- Contractors are expected to implement their own environmental, health and safety programs.
- Prior to starting a project, as applicable each contractor is to identify and anticipate any potential hazards, identify a safety action plan, and implement the safety precautions for performance of the work for the protection of their employees, University employees, students and visitors.
- The contractor is to ensure their operations and the operations of their subcontractors are in compliance and accordance with all applicable safety, health and environmental Federal, State and Local regulations, and the requirements within the University's Contractor Safety Guidelines.
- The contractor shall ensure employees under their employ working on-site are adequately trained in their personal safety responsibilities, in the recognition and avoidance of unsafe conditions, and the safety, health, and environmental regulations applicable to their work environment.
- When safety equipment and/or personal protective equipment is needed by the contractor's employees to perform their work, such equipment will be supplied by the contractor.
- The contractor will enforce and make mandatory all personnel under their employ follow the safety, health and environmental guidelines of all applicable Federal, State and Local jurisdictions along with the requirements within the University's Contractor Safety Guidelines.

Service Contracts

Some equipment needs to be covered by service contracts in order to assure continuing efficient operation. Any forms required by the vendor must be signed by the Purchasing Department and forwarded to the vendor with a purchase order.

Code of Ethics – National Association of Educational Procurement

The Purchasing Department subscribes to the National Association of Educational Procurement, (NAEP) code of ethics, which provides for the following:

- To give first consideration to the objectives and policies of the University.
- To strive to obtain the maximum ultimate value of each dollar of expenditure.
- To cooperate with trade and industrial associations, governmental and private agencies engaged in the promotion and development of sound business methods.
- To demand honesty in sales representation whether offered through the medium of a verbal or written statement, and advertisement, or a sample of the product.
- To decline personal gifts or gratuities.

- To grant all competitive bidders equal consideration, to regard each transaction on its own merits;
- To foster and promote fair, ethical and legal trade practice.
- To use only by consent original ideas and designs devised by one vendor for competitive purchasing purposes.
- To be willing to submit to arbitration any major controversies.
- To accord a prompt and courteous reception insofar as conditions permit to all who call on legitimate business missions.
- To counsel and cooperate with NAEB members and to promote a spirit of unity among them.

RELATED POLICIES

Grants Policy
Information Technology Change Control Policy
Procurement Card Policy and Procedures
Property Administration Policy
Travel and Business Expense Policy