

CU Medicine
 Accounts Payable Policy

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1. POLICY OVERVIEW

The objective of the Accounts Payable Policy is to assure that all commitments are incurred in the ordinary and necessary conduct of business and are consistent with the missions and guidelines set forth by the CU Medicine Bylaws and Operating Agreement, reviewed for accuracy and appropriateness, properly authorized and documented, strictly adhere to the regulations established by the Internal Revenue Service (IRS) for a 501(c)3 corporation and are paid for in a timely manner.

CU Medicine Mission Statement:

Organized for the benefit of the University of Colorado, CU Medicine serves as the centralized

practice plan of the faculty of the University of Colorado School Of Medicine. Its function is to primarily aid and support the University of Colorado in the furtherance of its charitable, scientific and educational purposes and to assist the School of Medicine in carrying out its mission of providing patient care, medical education and research.

For more detail on the mission of CU Medicine, see the CU Medicine Purposes and Objectives on page one and two of the CU Medicine Amended Bylaws, posted on the Finance page under Official Documents on the CU Medicine intranet.

Payment requestors are responsible for:

- Adhering to CU Medicine Policy
- Ensuring all expenses are appropriate and required to support CU Medicine’s mission
- Ensuring the accuracy and completeness of all invoices
- Ensuring invoices are submitted with proper documentation and approval to Accounts Payable
- Ensuring invoices are submitted in a timely manner

Any expense not deemed appropriate or not within the established CU Medicine Policies will be denied. If situations arise that are unusual in nature or appearance, Accounts Payable should be notified before the expenses are incurred.

If you have a question on any of the Accounts Payable policies, please contact Accounts Payable at Finance-AccountsPayable@cumedicine.us

2. AUTHORIZATION AUTHORITY

For the following Account Types: Clinical/Basic Science/Deans

Dean/Dean’s Designee	Must approve all Chair reimbursements and AEF expenditures.
Chair	Must approve all Directors of Finance and Administration reimbursements AND all charitable donations.
Director of Finance and Administration	Must approve all honoraria AND all expenses greater than \$5,000

All other expenses must be approved based on the authorized signer list that has been submitted to CU Medicine Finance. Signature authority cannot be further delegated to other individuals. An authorized signer cannot approve a reimbursement to themselves. Subordinates cannot sign for supervisors.

To obtain signature authorization for a new or additional individual, the individual must be submitted by the Director of Finance and Administration and approved by the Chair. This can be achieved via an email to CU Medicine Accounts Payable at Finance-AccountsPayable@cumedicine.us

The Director of Finance and Administration is accountable for transactions initiated by individuals with delegated signature authority.

Internal Control – To the extent practicable, departments should establish clear separation of duties, with

individuals given signature authority for approval of an expense reimbursement separate and distinct from individuals both making and receiving the underlying purchase.

3. AUTHORIZATION AUTHORITY

For CU Medicine Administration Departments

Effective July 1, 2011, CU Medicine Administration has a signature authorization policy with dollar limits assigned by job category. The amounts in the table below are per voucher or purchase request. Invoices/purchases cannot be split between more than one accounts payable voucher or purchase request to circumvent the signature authorization level required.

All expenses must be approved based on the table below and the authorized signer list that has been submitted to CU Medicine Finance. Signature authority cannot be further delegated to other individuals. An authorized signer cannot approve a reimbursement to their self. Subordinates cannot sign for supervisors.

To obtain signature authorization for a new or additional individual, the individual must be submitted by the Department Director and approved by the Executive Director, Chief Operating Officer or Chief Financial Officer. This can be achieved via an email to CU Medicine Accounts Payable at FinanceAccountsPayable@cumedicine.us

The Directors are accountable for transactions initiated by individuals with delegated signature authority.

Internal Control – To the extent practicable, departments should establish clear separation of duties, with individuals given signature authority for approval of an expense reimbursement separate and distinct from individuals both making and receiving the underlying purchase.

Job Category	Signature Approval Expense Range
Staff	Less than \$500
Managers	\$500 - \$5,000
Directors and Sr. Managers	\$5,001 - \$25,000
COO/CFO	\$25,001 - \$100,000
Executive Director	>\$100,000

<u>Exceptions to the above table</u>	
Director overseeing Building Management	Authorized to sign leases and other items associated with the building operations up to a limit of \$75,000 per year.
CU Medicine Finance Manager & Sr. Manager overseeing Payroll	Authorized to sign for recurring payroll related expenses

4. REQUIRED DOCUMENTATION

Below is a list of the documentation requirements that must be followed. The required information may be written directly on the vendor invoice or an Accounts Payable Voucher may be filled out and attached to the invoice. Obtain an Accounts Payable Voucher from the CU Medicine intranet on the Finance page under Forms.

- Appropriate third party documentation including receipts, invoices, etc. must be provided. Original documents are preferred, however when not available or if provision of an original is inefficient or impossible, a copy is acceptable.
- AX Account String must be provided.
 - For CU Medicine administration, must include project code, if applicable.
 - For cost centers, must include provider number, if applicable.
- The specific business purpose must be recorded.
- Appropriate approvals, whether written or electronic, must be provided for any CU Medicine reimbursement to be processed. Any expenditure without proper authorization will be returned to the appropriate cost center.
- For travel specific reimbursements, see the Travel, Meals & Entertainment Policy.

5. PAYMENTS REQUIRING FOREIGN CURRENCY

Expenses that require payment in foreign currency should be requested via an accounts payable voucher with the complete documentation attached. The foreign currency required should be listed on the total line and clearly noted: "Foreign Draft Requested".

6. CHECK CYCLE DEADLINES

All vouchers and/or invoices received in the CU Medicine Finance Department by Friday of any given week will be processed the following week with checks issued on Thursday and mailed via US Mail the following day.

7. DISBURSEMENT GUIDELINES BY CATEGORY

• **7.01 Is a Purchase Order Required?**

For further discussion, please see the Purchasing Policy:

Greater than \$5,000	Any purchase greater than or equal to \$5,000 requires a purchase order.
Less than \$5,000	No purchase order required except for leases and maintenance agreements.

All computer equipment, furniture and leases must be purchased directly from the vendor with payment being made to the vendor from CU Medicine. Individuals will not be reimbursed for expenditures of these types.

• **7.02 Occupancy & Use**

Occupancy and use expenses include items such as maintenance and repairs for equipment, office or medical furniture and equipment that is leased or rented, as well as building rent for off-site facilities.

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- Maintenance, rental and lease agreements that require monthly payments should be set up on a Standing Purchase Order. Please refer to the CU Medicine Purchasing Policy.
- CU Medicine building leases need to be reviewed and approved by the CU Medicine Staff Attorney before execution and must be signed by CU Medicine Executive Management (Executive Director, Chief Operating Officer or Chief Financial Officer). The Cost Center should work with accounts payable and the vendor to set up payment procedures once the lease is executed.

- **7.03 Purchased Services**

Contractual/Temporary services are services performed by individuals who do not qualify as employees.

- To ensure proper classification and funding of any temporary hires, all use of temporary agencies must be arranged through the CU Medicine Human Resources Department. Temporaries can only be paid through CU Medicine Accounts Payable for assignments covering an existing CU Medicine employee position or to provide additional assistance in CU Medicine-specific activities. HR will review requests to use temporary services and once arrangements are in place payment will be processed by the Human Resources Department via an Accounts Payable Voucher and/or a vendor invoice. Any temporary hires to cover a University employee position must be processed through the University.
- When an independent contractor is being hired on a temporary basis, it must be determined if the individual is a contractor or an employee under common law for IRS tax purposes. The “Employee/Independent Contractor Determination Questionnaire” form located on the intranet must be filled out by the hiring department and reviewed and approved by CU Medicine Finance. This form can be sent to Accounts Payable at Campus Box A069 or electronically at Finance-AccountsPayable@cumedicine.us If the individual is determined to be an independent contractor, the Finance department will send an Independent Contractor Certification that must be completed by the contractor and the hiring department. This must be returned to the Finance Department before any payment can be made to the independent contractor. Payment should be made by submittal of an invoice and/or an Accounts Payable Voucher. If the individual is determined to be an employee, the Human Resources department will work with the hiring manager to properly arrange payment. Payments to an independent contractor will be reported to the Internal Revenue Service (IRS) via a Form 1099-MISC for Miscellaneous Income.
- An honorarium is the gratuitous payment to an individual of an esteemed position for contributed services. An honorarium recipient is paid via an invoice and/or an Accounts Payable Voucher. A letter from the Director of Finance and Administration or Chair denoting the arrangements or distinction is required. The recipient must supply a W-9. Payment of honoraria to foreign citizens must be directed to the University of Colorado for proper processing. Honorarium payments will be reported to the Internal Revenue Service (IRS) via a Form 1099-MISC for Miscellaneous Income.

- Travel expenses for the individual are reimbursable at actual cost, excluding personal expenses. Commonly, the honorarium is intended to cover the incurred travel expenses and such payments should be charged to the honorarium classification and not travel.

- **7.04 Recruiting & Relocation**

Recruitment expenses are any expenses incurred by or for an individual applying for a position in an approved CU Medicine cost center. Common recruitment expenses are: airfare, lodging, meals, and car rental. These expenses are to be paid via an invoice or an Accounts Payable Voucher which includes all invoices and/or receipts. Payment may be made to the individual or directly to the vendor (i.e. hotel or a CU Medicine authorized travel agency). The name of the candidate and the specific department position they are applying for must be included.

Once an individual has been hired, any expenses related to house hunting or relocation must be processed through the employing institution, thus CU Medicine will only reimburse for CU Medicine employees. Employees hired through the University must process this expense through the University; however a Department can still access their CU Medicine funds for this expense by utilizing the appropriate University Fund 80 account. Reimbursement for expenses deemed taxable by the IRS will be reported on the employee's W2. The individuals' current address and social security number must be on the reimbursement voucher.

Relocation of newly hired CU Medicine employees must be covered under their letter of offer. Three quotes for the moving service must be obtained. Contact the CU Medicine Purchasing Manager to initiate the process for purchase of services.

Each department must authorize travel that includes a spouse, either for recruitment or relocation purposes. The director of the department should note what expenses are authorized, i.e. airfare and lodging only, meals, etc.

- **7.05 Official Function Expenses**

Official function expenditures consist of business luncheons and dinners, annual holiday receptions, program reviews, receptions and orientations, official retreats, recruiting functions, annual staff recognition, and retirement functions.

Official function payment limits:

- Breakfast - less than or equal to \$20 / person
- Lunch - less than or equal to \$30 / person
- Dinner - less than or equal to \$80 / person

Taxes and tip on the official function expenses can be paid in addition to the limits above. However, if the entire meal expense is not reimbursable, the tax and tip will only be reimbursed at the same percentage of reimbursement as the meal. For example, if the meal is only 50% reimbursable, only 50% of the tax and tip will be reimbursed.

Only those individuals deemed necessary to a given activity shall be included in official functions.

Documentation must be provided to the CU Medicine Accounts Payable department as described above

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under the [Required Documentation](#) section of this policy. In addition to that, there must be an explanation of who, what, when, where and why for official functions.

- **7.06 Gifts and/or Service Awards**

- [7.06.01 Length of Service Awards – Employees](#)
- [7.06.02 Retirement Award – Employees](#)
- [7.06.03 De minimis gifts – Employees](#)
- [7.06.04 Other Gifts/Awards – Employees](#)
- [7.06.05 Flowers](#)
- [7.06.06 Gifts – Non-Employees](#)

7.6.1 Length of Service Awards - Employees

An employee service award is an item of tangible personal property given for length-of-service. To be eligible to receive a CU Medicine purchased service award, employees must have achieved five or greater years of service with CU Medicine and be employed by CU Medicine at the time of the award.

For a non-taxable length of service award to be issued, the following rules must be adhered to:

- 1) Timing: The employee has to have five or greater years of service with CU Medicine and is only eligible to receive a length of service award every five years.
- 2) Plan: The award must be made under an established written plan unless it is a de minimis gift (see [de minimis gifts – Employees](#)). The plan must not discriminate in favor of highly paid employees.
- 3) Award: Examples of service awards are plaques or gifts. The gift must be tangible personal property, or a nonnegotiable certificate exchangeable only for tangible personal property. Non-negotiable certificates are used where there is an award selection process, which would consist of a group of awards at varying levels of value that the individual could choose from in exchange for their certificate. Monetary gifts such as cash, cash equivalents or gift certificates are not allowable service awards. The following also do not qualify as service awards: vacations, meals, lodging, theater or sports tickets, stocks, bonds or other securities.
- 4) Presentation: The award must be given as part of a meaningful presentation.
- 5) Amount: The amount for a service award cannot exceed \$400.
- 6) Engraving: Having the award engraved with the person's name, the company name and years of service adds to the meaningfulness of the award, but is not required for gifts that cost \$100 or less. Gifts costing over \$100 must be engraved with at least the company name and years of service.

The invoice and/or Accounts Payable Voucher sent to Accounts Payable must include the purpose of the award, the recipient's name and number of years of service.

If an award does not follow the rules outlined above, it will either be taxable to the employee either in part or for the entire value of the award.

Partially Taxable Length of Service Award

If the award follows all the rules above except the cost exceeds \$400 than the award is partially taxable to the employee. The amount included in the employees taxable wages will be the greater of the amount the

employer's cost exceeded \$400 or the amount by which the fair market value of the award exceeds \$400. Awards exceeding the \$400 limit should only occur on a rare occasion and must include justification for the higher cost, be pre-approved by the Department Chair and CU Medicine's CFO or COO and be engraved with the company name and the years of service.

Fully Taxable Length of Service Award

If the award doesn't follow rules 1 through 4 above, then the award is fully taxable to the employee and 100% of the cost will be included in the employee's taxable wages.

7.6.2 Retirement Awards – Employees

A retirement award can be purchased for employees who are retiring or leaving employment after five or greater years of service to acknowledge their service and contributions to the organization. The following rules apply to retirement awards and if followed, make the award non-taxable to the employee:

- 1) **Timing:** The employee is eligible if they have provided five or greater years of service to the organization. The employee is still eligible for the award even if they received a length-of-service award within the last 5 years.
- 2) **Award:** Examples of retirement awards are plaques or gifts. The gift must be tangible personal property or a nonnegotiable certificate exchangeable only for tangible personal property. Non-negotiable certificates are used where there is an award selection process, which would consist of a group of awards at varying levels of value that the individual could choose from in exchange for their certificate. Monetary gifts such as cash, cash equivalents or gift certificates are not allowable retirement gifts. The following also do not qualify as retirement awards: vacations, meals, lodging, theater or sports tickets, stocks, bonds or other securities.
- 3) **Presentation:** The award must be given as part of a meaningful presentation.
- 4) **Amount:** The amount of a retirement gift cannot exceed \$400.
- 5) **Engraving:** Having the award engraved with the person's name, the company name and years of service adds to the meaningfulness of the award, but is not required for gifts that cost \$100 or less. Gifts costing over \$100 must be engraved with at least the company name and years of service.

If an award does not follow the rules outlined above, it will either be taxable to the employee either in part or for the entire value of the award.

Partially Taxable Retirement Award

If the award follows all the rules above except the cost exceeds \$400 then the award is partially taxable to the employee. The amount included in the employee's taxable wages will be the greater of the amount the employer's cost exceeded \$400 or the amount by which the fair market value of the award exceeds \$400. Awards exceeding the \$400 limit should only occur on a rare occasion and must include justification for the higher cost, be pre-approved by the Department Chair and CU Medicine's CFO or COO and be engraved with the company name and the years of service.

Fully Taxable Retirement Award

If the award doesn't follow rules 1 through 3 above, then the award is fully taxable to the employee and 100% of the cost will be included in the employee's taxable wages.

7.6.3 De Minimis Gifts – Employees

De Minimis gifts can be given to employees and are not included in taxable wages. The following rules must be followed in providing de minimis gifts:

- 1) Non-Cash: The award cannot be cash, cash equivalents or gift certificates.
- 2) Amount: The amount of the award should not exceed \$65 per individual. If the amount exceeds \$65 the FULL COST of the item is taxable to the employee.
- 3) Frequency: The frequency of de minimis gifts must be occasional or unusual. Gifts or awards that are given frequently are not excludable from an employee's wages as de minimis even if the gift/award is small in value.

The following are examples of items the IRS considers to be de-minimis:

- Nominal gifts for holidays
- Holiday turkeys and hams
- Flowers, fruit, books, plaques, coffee mugs for special occasions
- Controlled, occasional employee use of photocopier
- Occasional snacks, coffee, doughnuts, etc.

7.6.4 Other Gifts/Awards – Employees

Cash, cash equivalents or gift certificates are not allowed due to the unique nature and treatment of these particular expenses from an Internal Revenue Service perspective.

Recognition Awards for job performance other than length of service or retirement awards are fully taxable to an employee.

Prizes – Non-cash prizes won by employees from random drawings at employer sponsored events are fully taxable to the employee unless they qualify as a de minimis gift ([See De Minimis Gifts – Employees](#)).

7.6.5 Flowers

Gifts of flowers are allowable up to \$65 including delivery charges.

Gifts of flowers are acceptable on the account of birth, death, significant illness, family crisis, Administrative Assistant's Day and similar events. Birthdays and weddings are not acceptable events.

7.6.6 Gifts – Non-Employee

Gifts to non-employees must be related to a business purpose or activity. The gift must be of tangible personal property. It cannot be cash, cash-equivalents or gift certificates. Gifts amounting to \$25 or less are allowable and approvable by an approved account signer. Incidental costs such as engraving, packaging, insuring and mailing are not included in calculating the \$25. A cost is incidental only if it does not add substantial value to the gift. For example, gift wrap is an incidental cost, but an ornamental basket for packaging is not incidental and would have to be included in the value of the gift.

Gifts that exceed the \$25 limit must include justification for the higher cost, be pre-approved by the

Department Chair and CU Medicine's CFO and documented for tax purposes.

Any gifts that individually or in aggregate exceed \$600 in a calendar year to an individual are taxable and a 1099-MISC will be issued to the individual.

An item that costs \$4 or less and has the company name clearly and permanently imprinted on it and is one of a number of identical items that will be widely distributed is not considered as a gift. Examples would include pens, desk sets, plastic bags and cases.

- **7.07 Conferences**

Seminars, conferences, conventions, etc can be processed with an Accounts Payable Voucher or invoice for direct payment to the vendor. Provide registration forms, agenda or brochures with the requests for payment to establish the business or professional purpose. These expenses can be paid by an individual and reimbursed with the proper documentation and department approval.

- **7.08 Travel, Meals & Entertainment**

See the [Travel, Meals & Entertainment Policy](#)

- **7.09 Cell Phone**

7.9.1 Policy for Clinical/Basic Science Departments/Dean

Cell Phone Purchases

Cell phones may be purchased utilizing CU Medicine department funds with approval from the Director of Finance and Administration and the Chair. Payment may be made direct to a vendor or reimbursed to an individual if the cell phone plan is set up as a business plan only. An individual will not be reimbursed for any options on the phone that are not for business purposes, such as I-tunes, GPS, etc. Any phones purchased directly by CU Medicine or reimbursed to an individual become the property of CU Medicine and the respective department and cannot be turned in for an upgrade by the user unless upgrading the phone for business purposes. The user must sign a Declaration of Ownership form stating the phone is CU Medicine property and as such, will be returned to CU Medicine upon termination.

Cell Phone Plan

Service should be established under a business, tax-exempt plan and as a result monthly charges will not be subject to certain taxes. Monthly service plan fees can be paid with department funds if approved by the Director of Finance and Administration and Chair of the respective department. The invoice must be established to mail directly to CU Medicine Accounts Payable for processing.

It is the responsibility of the Director of Finance and Administration to notify CU Medicine Accounts Payable of the departure of any employee with cell service to ensure action is taken to cancel automatic bill payment.

Reimbursement of Business calls made on a personal phone

Business calls made on a personal plan/phone may be reimbursed if calls are identified and documented. Per Internal Revenue Service requirements, documentation should include identification of call participants and purpose for the call. The calculation of reimbursable costs will be based on the total

monthly plan fees and the proportion of business to personal calls. Itemized bills should be submitted showing the calculation of business use and amount requested for reimbursement on a Travel Expense Report or an Accounts Payable Voucher.

7.9.2 Policy for CU Medicine Administration

Cell Phone Purchase-Position or Department Specific

Departments that have positions that require use of a cell phone, in which the cell phone is used by a single individual for business purposes only or floats amongst several individuals in the department covering certain job duties, a CU Medicine business phone can be purchased. Payment for the phone must be made from CU Medicine directly to the vendor. This phone will be set up with a business plan only and is only to be used for business other than an infrequent, short-duration call of a personal nature that cannot be avoided (such as calling home when working late, child-care arrangements, family emergencies, etc.). The invoice for the business plan will be invoiced directly to CU Medicine Accounts Payable.

Cell Phone Stipend

For CU Medicine Administration employees in positions where a cell phone is deemed necessary to conduct CU Medicine business and is approved by the Executive Director, Chief Operating Officer or Chief Financial Officer, a monthly telecommunication stipend can be provided. The proper forms and steps to follow in getting approved for a telecommunication stipend are included in CU Medicine's Wireless Telecommunication Program Information on the intranet.

This stipend will cover cell phone/data service of a pre-determined amount for business use of a personal BlackBerry® that must be synchronized to the CU Medicine network. The stipend will be included on the employee's monthly paycheck and is treated as a taxable benefit.

- **7.10 Political Contributions**

No contributions or payments for political action groups or activities may be paid with CU Medicine funds.

- **7.11 Other**

Examples of other expenses include general office, medical, and lab supplies, equipment, computer hardware and software, file cabinets, computer accessories, printing, publishing, copying, subscriptions, publications and periodicals, library materials, and dues and memberships to professional organizations. If a purchase order is not required ([as outlined above](#)), the method for payment is directly to a vendor by CU Medicine Accounts Payable via Accounts Payable Voucher and/or invoice from vendor.

8. PERSONAL REIMBURSEMENT FOR INCURRED BUSINESS EXPENSES

The preferred method of payment is directly to a vendor by CU Medicine Accounts Payable. However, reimbursement of incurred business expenses can be made to an individual who paid with personal funds, if the following requirements are met.

- 1) The reimbursement is not for an item that would have required a Purchase Order and is not one of the types of expenditures listed below that are not reimbursable directly to an individual.
- 2) The expense incurred was for business purposes.
- 3) The proper documentation is supplied:

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- a. Receipt and proof of payment is required.
- 4) The business expense is authorized by an authorized signer on the account, which cannot be the individual themselves or a subordinate. If the reimbursement is to a Department Chair, the expense must be approved by the Dean.

If all of the requirements are met, the expense can be submitted for reimbursement on a CU Medicine Accounts Payable Voucher.

Types of Expenditures not directly reimbursable to an individual

Computer equipment

Furniture

Leases

Payments to service staff at official functions

Reimbursement for business expenses must be submitted for payment within 90 days of the date the expense was incurred. If this timeframe is not met the reimbursement becomes taxable to the individual and will appear on the individuals pay advice and on IRS Form W-2.