

## **UAM OPERATING PROCEDURE 920.1**

### **PAYMENT FOR SERVICES FROM UAM FOUNDATION**

Due to the increased level of IRS tax compliance requirements direct payment from the University of Arkansas at Monticello Foundation for services and/or labor to employees, non-employees, and students is not permitted. This type of payment is a direct violation of taxable income reporting. As such, payment for services and/or labor provided to the University by an employee, non-employee, and/or student must originate from a University Account (E & G). Subsequently, the University Account may be reimbursed by the Foundation. This procedure does not affect reimbursements, supported by official receipts, to University Employees.

University Departments may elect to establish an agency account for these types of transactions rather than depleting their Foundation Funds. However, donations deposited into agency accounts are not tax-deductible gifts nor are they identified as gifts made expressly to the University of Arkansas at Monticello. Guidelines for establishing an agency account may be obtained from the Department of Finance and Administration.

The steps outlined below will assist University Personnel/Departments in the expedition of transactions using UAM Foundation Funds.

- The University Department completes a Purchase Order for payment **prior** to the delivery of the service and/or labor, or, if necessary, the University Department completes a supplier invoice request. University departments desiring to use Foundation Funds should use the appropriate designated and gift work tags on the purchase order or supplier invoice request.
- The University Department desiring to make payment collects an invoice upon the conclusion of the successful delivery of the service and/labor and delivers the invoice promptly to the Office of Accounts Payable in the Department of Finance and Administration.
- The Office of Accounts Payable generates a check or ACH for the individual with distribution to follow by the instructions indicated by the University Department on either the Purchase Order or the supplier invoice request.
- The customer contract specialist processes a quarterly invoice from purchases completed and applied to the designated work tag(s) for the foundation gift(s). An interface is processed by the Project One team to create invoices for UAM and an Accounts Payable for the UAM foundation. An email is sent from the Vice Chancellor of Finance and Administration to the Foundation to confirm the accuracy of the invoice. Accordingly, the UAM Foundation personnel completes documentation for the University Department to be reimbursed.

- UAM receives payment via ACH and the customer payment specialist records the payment against the appropriate invoice(s).

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*December 16, 2010*