

Guidelines for Endowed Professorship Expenses

12/9/16

Expenses relating to endowed professorships are funded with restricted endowment earnings and as such are more closely scrutinized by our external auditors. To assist in compliance with donor wishes and accounting standards, please be reminded of the following guidelines.

1. The auditors look for dual control of expenditures, that is, two signatures on all check requests and credit card purchases.
 - a. To further clarify, if the check request is for a reimbursement to an individual who is also signing off as an approver on the request, the second signature should not be that of an individual who reports to the requester (such as the department secretary.) The best practice in this case is for the second signature to be from the Dean's Office. This protects all parties and does not put the secretary in the position of questioning the professor.
 - b. For routine expenses to outside vendors, it is acceptable for the secretary to be the requestor and the professor to be the approver.
2. An endowed professor sometimes chooses to engage another party to assist with a project, research or writing. Since the College must comply with all IRS regulations regarding payroll taxes, it is imperative to handle these types of payments properly.
 - a. When using student assistance, please complete a Student Job Placement Form, found on the Human Resources webpage. The form should be completed prior to starting any student employment. Contact the HR department for further information. The student will record their time on a student time sheet for the professor's approval, and be paid through the regular student payroll process. If the student is working during the summer (outside of the academic year exemption,) appropriate taxes will be withheld.

- b. When using a current RC employee, contact the HR department to determine if the time worked can be paid through a stipend, which is added to the employee's regular pay. If paid by stipend, complete a Request for Stipend Form for time worked and submit to the HR department. The employee will be paid through their regular payroll process with appropriate taxes withheld.
 - c. When using an outside party (not employed by RC,) the person will be paid as an independent contractor through the Accounts Payable process. If the party has not been paid by the College in the past, they must complete a W-9 before payment can be processed. Complete a check request for the amount to be paid. No taxes are withheld but amounts paid are reported to the IRS at calendar year end.
 - d. Note that for any type of pay for which the College is responsible for the employer's share of payroll taxes, the expense paid to the employee is increased by 16.25% to cover FICA, workers' compensation, state unemployment taxes, etc. Be sure to consider this payroll tax expense when determining the amount of budget available.
- 3. The Business Office reviews all requests for 21 fund expenditures to confirm available budget and presence of two signatures prior to processing.
 - 4. Please refer to the Business Office webpage for additional policy information. Don't hesitate to contact the Business Office with any questions!