



OBJECTIVE

To ensure that expenditure decisions are consistent with the university's mission, applicable law and ethical practice.

POLICY

Applies to: Any person who spends, uses or benefits from university funds
Issued: 07/2004
Revised: 05/2013
Edited: 06/2013

I. Overview

- A. As a major public institution, The Ohio State University is held to a high level of accountability for its business practices. Numerous constituencies (including students, taxpayers, alumni, the State of Ohio and the federal government) have an interest in how the university spends its money. Accordingly, every reasonable effort must be made to ensure that funds are used in a responsible and appropriate manner.
- B. Certain types of expenditures require particular caution, including those for alcohol, food & beverages, recruiting expenses, gifts and entertainment, employee recognition/functions and use of university telephone services. These are detailed in the procedures section.
- C. Every expenditure transaction must be supported by a documented business purpose.
- D. Faculty and staff with approval authority for expenditure transactions are expected to exercise judgment and make a good-faith attempt to follow both the letter and the spirit of the expenditure policies. When dealing with ambiguous circumstances, faculty and staff should seek guidance from their senior fiscal officers or the Office of Business & Finance, as appropriate, and document the reasoning behind their approval decisions.

II. Definitions

- A. State funds are defined broadly, to include all university funds except for discretionary funds.
- B. Discretionary funds are defined as gifts made to a college or administrative area with only a broad restriction that they be used to benefit that particular area. It should be



noted, however, that regardless of this broad restriction, university policies still apply to the use of discretionary funds.

III. Applicability and Restrictions

A. These rules and restrictions apply to:

1. All types of university funds (general funds, earnings operations, OSU Health System funds, restricted funds, sponsored projects administered by the OSU Research Foundation, agency funds, discretionary funds).
2. All colleges and vice presidential areas.
3. All payment methods, including university procurement cards, travel-related payments, purchase orders, internal orders (eRequests), petty cash reimbursements, PREP system (non-PO voucher) transactions and any other payment mechanism.

B. Individual fund restrictions imposed by donors, granting agencies and other resource providers may further limit allowable expenditures.

C. Additional restrictions also apply to expenditures charged to sponsored projects administered by the Office of Sponsored Programs (OSP). These restrictions are noted in the following sections of the policy, under the heading “*Additional Restrictions for OSP Projects*”.

D. In rare instances, it may be necessary for deans and vice presidents to request more restrictive policies in their areas. Documentation explaining the circumstances, including business purpose, must be submitted in advance to the Office of Business & Finance for approval.

IV. Approval Authority

- A. Approval authority as it relates to this policy means approval by the dean or vice president of a unit. At the discretion of the dean or vice president, and as detailed in the unit’s Delegation of Signature Authority document, approval authority may be designated to one or more senior administrators in the unit.
- B. All colleges and vice presidential units are required to maintain a current Delegation of Signature Authority document, which is to be updated at least on an annual basis and is subject to dean/vice presidential approval.



C. Vice Presidents' expenses are approved by the Office of the President or designated Senior Vice President, as appropriate.

D. Deans' expenses are approved by the Office of Academic Affairs or designee.

V. Exceptions

A. The dollar limits set forth are not "entitlements"; rather, they are maximum limits.

B. Deans and vice presidents have the authority to approve, **on an occasional, non-recurring basis**, university expenditure policy exceptions. Some examples include:

1. Exceptions to the dollar limits on alcohol purchases

2. Exceptions to the dollar limits on business meals

3. Exceptions to the requirement to obtain original, itemized receipts

C. All exceptions must be documented and maintained in a log which includes the purpose and rationale for granting the exception. These logs are subject to review by Internal Audit.

D. Policy exceptions related to dean expenses must be approved by the Office of Academic Affairs. Policy exceptions for vice presidents must be approved by the Office of the President.

VI. Sales Tax and Use of Personal Funds

A. The university is exempt from paying State of Ohio sales tax.

B. Tax exemption certificates are obtained from the Office of the Controller's website.

C. Employees are encouraged to use a purchase order or procurement card, as opposed to personal funds, when procuring items for the university.

D. When employees purchase items on behalf of the university from personal funds, they usually are required to pay the sales tax. The employee may be reimbursed for the cost of the item as well as the sales tax, but the university has expended approximately 6% more for the item because of the sales tax. For this reason, personal reimbursements should be minimized.

VII. Spouses, Partners, Children and Guests



- A. As a general rule, meal and entertainment expenses for spouses, partners, children, and guests of university employees should not be charged to university funds.
- B. Exceptions to this general rule include:
 - 1. Attendance at employee recognition events.
 - 2. Participation in recruiting, fundraising, promotion of the university and entertainment of guests of the university, provided that the individual has a bona fide university purpose for attending the event (refer to Procedure sections II. Recruiting and VIII. Entertainment).
 - 3. Attendance at football bowl games and NCAA tournament games as a member of the university's "official party", as defined under bowl or NCAA rules.
- C. Expenditures for spouses, partners and guests require written documentation of business purpose and approval by the dean or vice president.

PROCEDURE

Applies to: Any person who spends, uses or benefits from university funds
Issued: 07/2004
Revised: 05/2013
Edited: 01/2010

- I. Alcohol
 - A. There is always risk to the university whenever alcohol is provided at an event, and therefore such events need to be managed with common sense and due care.
 - C. As a general rule, alcohol cannot be charged to state funds. In certain circumstances, such as business meals or university events, alcohol purchases may be justified for business related purposes.
 - D. Alcohol purchases must be charged to discretionary funds and must have documented approval (e.g. signature or direct e-mail) of a dean or vice president. This approval also certifies that the fund used is a discretionary account.
 - E. Alcohol may also be purchased with funds from a conference (earnings) fund, if the reception, meal or similar event is included in the registration fee paid by the attendees.



- F. Amounts expended for the purchase of alcohol must be reasonable. For purposes of this policy, reasonable is defined as no more than \$20 per person (excluding taxes and tip).
- F. Alcohol purchased for resale by areas with liquor permits (Unions, Golf Course, Fawcett Center, the Blackwell Inn) or for medical or research use is not subject to the above rules.
- G. Additional Restrictions for OSP Projects -- The costs of alcoholic beverages are unallowable on sponsored projects.

PeopleSoft GL Account	64430 (A-21 Entertainment and Gifts)
PeopleSoft GL Fund	Must be discretionary
Questions on Liquor Permits	See Legal Affairs

II. Recruiting Expenses (Meals, Entertainment, Travel, Moving)

- A. The university will reimburse recruiting expenses incurred by university personnel, the person being recruited and other appropriate individuals.
- B. Recruiting expenses must be reasonable, prudent and commensurate with the position being recruited.
- C. Receipts are required for reimbursement of all recruiting expenses.
- D. The payment of recruiting expenses (generally meals, entertainment, and/or travel) may occur in one of the following ways:
 - 1. Reimbursement to university employees, the recruit, or to appropriate individuals.
 - 2. Direct payments to vendors
- E. Meals as a Recruiting Expense
 - 1. IRS rules require documentation of the time, date, place, business purpose and attendees at the meal.
 - 2. Tips for business meals are allowed. The tip must be reasonable, not to exceed 20% of the total bill.



- 3. Alcohol may be reimbursed in accordance with this policy (refer to Procedure section I. Alcohol).
- 4. Under this policy, expenditure amounts for meals (including alcohol and excluding taxes and tip) will be deemed reasonable if they do not exceed three times the current federal per-diem rate for that city, pro-rated 25% for breakfast; 25% for lunch; 50% for dinner.

Example: assume that a department is holding a recruiting dinner in Columbus, Ohio, and the current federal per-diem rate for Columbus is \$49. Under these assumptions, a total dinner cost (including alcohol and excluding taxes and tip) of up to \$73.50 a person would be considered reasonable ($\$49 * 50% * 3 = \73.50).

F. Entertainment as a Recruiting Expense

- 1. It may be deemed appropriate by a dean or vice president to incur entertainment expenses for recruitment of specific high-level positions.
- 2. Meal and entertainment expenses associated with recruitment should not be lavish or extravagant, regardless of the position.
- 3. Meal and entertainment expenses in excess of \$200 a person require documented pre-approval by the dean or vice president.

G. Travel and Moving as a Recruiting Expense

- 1. Travel expenditures may be paid or reimbursed in accordance with the university's travel policy.
- 2. When a recruit accepts an offer of employment with the university, the guidelines on moving expense reimbursements apply.

PeopleSoft GL Account (for all recruiting, including payments to consultants and travel)	64409 (Faculty Recruiting)
	64443 (Staff Recruiting)
	64444 (Undergrad Student Recruiting)
	64437 (Graduate/Professional Student Recruitment)

III. Employee Recognition

- A. The university recognizes the contributions of its employees in achieving its overall mission and encourages departments to acknowledge these contributions through



programs developed for employee recognition.

B. Such programs include formal award programs, appreciation of service programs and other miscellaneous expenditures as follows.

1. Formal Award Programs

a. Award programs may exist at a university wide level or at the unit or department level. Documentation of each award program should include:

- Purpose
- Eligibility
- Frequency
- Nature of award (cash or non-cash)
- Amount of award
- Related events (luncheons, etc.)
- Approval of dean or vice president

b. Awards may be given, in accordance with the Office of Human Resources Rewards and Recognition Policy.

c. All cash awards, regardless of amount, and non-cash awards greater than \$100 represent taxable income to the individual. The \$100 limit for non-cash awards applies to the total value of all non-cash awards provided to an employee during a calendar year.

d. Taxable awards must be reported to Human Resources/Payroll for income reporting and withholding. Gift certificates and internal orders (eRequests) are non-cash awards (non-taxable up to \$100) if they cannot be converted into cash. Stored value debit cards, such as VISA cards, are considered to be cash and do not qualify as gift certificates under this policy.

e. Special IRS rules apply to non-cash awards for length of service and safety achievement. Contact the university tax manager in the Office of the Controller for further details.

Non-Cash Awards with Value Less Than or Equal to \$100	Process through Accounts Payable or on university procurement card and use PeopleSoft GL account (64411 Employee Recognition)
Cash Awards (any dollar amount) and Non-Cash Awards Greater Than	Process through Human Resources and use PeopleSoft GL account (60112 Staff Awards)



\$100	
PeopleSoft GL account for other costs associated with employee recognition events	64411 (Employee Recognition)

2. Appreciation of Service Programs

- a. It is appropriate to occasionally recognize an individual employee or group of employees for extraordinary performance relating to their current position, or to recognize and honor service when an employee departs the university by resignation or retirement.
- b. Expenditures related to such recognition events should be limited to those which are work related and should not include those events which are of a personal nature such as birthdays, wedding or baby showers, etc.
- c. Expenditures for work related recognition events may be made at the discretion of the dean or vice president and should be reasonable in light of the particular situation.
- d. Gifts given in conjunction with appreciation of service programs are subject to the same IRS rules as awards.

PeopleSoft GL Account (Recognition Events)	64411 (Employee Recognition)
PeopleSoft GL Account (Gifts)	64430 (A-21 Entertainment and Gifts)

3. Miscellaneous Expenditures for Employees

- a. The university may offer acknowledgement/support (not to exceed \$100) to its employees in the event of:
 - The birth or adoption of a child
 - A death of an immediate family member as defined by the Office of Human Resources Family and Medical Leave Policy.
 - Injury or illness of an employee or his/her immediate family member
- b. The acknowledgement may include flowers, a fruit basket or other non-cash items and should be initiated at the department level to avoid duplication.



- c. In the case of death, if so requested by the family, a charitable contribution may be substituted and made to only named, not-for-profit charities with a public service mission.
- d. The above mentioned expressions of acknowledgement/support are considered de minimis fringe benefits from an IRS perspective, and therefore do not represent taxable income to the employee.

PeopleSoft GL Account	64430 (A-21 Entertainment and Gifts)
------------------------------	--------------------------------------

IV. Meals

- A. The university may pay for properly documented meal expenses that fall into one of the categories of: overnight travel meals (refer to Travel Policy, #2.11); business meals; university functions; non-university functions.
- B. Reasonable tips, not to exceed 20% of the total bill, are allowed.
- C. Alcohol may be reimbursed in accordance with this policy (refer to Procedure section I. Alcohol).
- D. Business Meals
 - 1. The university may pay or reimburse properly documented meals whose primary purpose is a business discussion.
 - 2. To qualify as a business meal under this policy, the attendees must include at least one non-university employee whose presence is necessary to the business discussion. Meetings attended solely by university employees and gatherings that are primarily social in nature do not qualify for payment or reimbursement as business meals.
 - 3. Expenses may be incurred only for those individuals whose presence is necessary to the business discussion.
 - 4. The university will not pay or reimburse business meal expenses that lack documentation or a clear business purpose.
 - 5. IRS rules on substantiation of business expenses require the following documentation:
 - a. Original, itemized receipt



- b. Time, date, place of meal
 - c. Business purpose
 - d. List of attendees
6. Documentation requirements apply to all on-campus or off-campus business meals, regardless of payment method. Accordingly, all on-campus dining facilities (including the Faculty Club) require this documentation for all meals charged to departmental funds.
7. Expenditure amounts for business meals must be reasonable. Under this policy, expenditure amounts for meals (including alcohol and excluding taxes and tip) will be deemed reasonable if they do not exceed three times the current federal per-diem rate for that city, pro-rated 25% for breakfast; 25% for lunch; 50% for dinner.

For example, assume that a faculty member has a business dinner in Columbus, Ohio with a colleague from another university, and the current federal per-diem rate for Columbus is \$49. Under these assumptions, a total dinner cost (including alcohol and excluding taxes and tip) of up to \$73.50 a person would be considered reasonable ($\$49 * 50% * 3 = \73.50).

8. Any deviation from this policy requires documented pre-approval by the dean or vice president.

E. Additional Restrictions for OSP Projects

- 1. Subject to specific award restrictions, business meals may be charged to sponsored projects if food and beverages are brought into the meeting room while the business discussions continue.
- 2. However, if a meeting is interrupted so that participants can travel to a restaurant, the meal is no longer considered to be a business meal and may not be charged to the sponsored project.

F. University Functions

- 1. University funds may be used to provide food at a seminar, retreat, workshop, orientation or other university function. Invoices, payment requests or procurement card receipts for these expenditures must include a brief description of the business purpose of the gathering and a list of attendees.



2. Under this policy, the university may provide food and/or refreshments at board meetings, meetings with external stakeholders (alumni, state government, community groups, etc.), activities involving volunteers, and activities in which a majority of the participants are students.
3. Provision of food to gatherings of university employees on a daily, weekly, monthly or similar recurring basis, or payment for meals associated with one-on-one meetings of university employees, are not considered to be an appropriate use of university funds. However, food may be provided at meetings of university employees on an occasional basis. For example, it may be appropriate to provide food at a "working" breakfast, lunch or dinner, particularly when the employees are giving up personal time to conduct university business. Expenditures should be limited to food and non-alcoholic beverages, and a formal business discussion must be the primary purpose for the gathering. Where possible, deans or vice presidents should use discretionary funds to pay for meals provided to groups of university employees.

G. Non-University Functions

1. University funds may be used to pay for registration fees for conferences, seminars or other meetings that provide lunch and/or refreshments during the program.
2. However, if a non-overnight program specifies that lunch is "on your own"; the university will not pay for or reimburse that meal.

PeopleSoft GL Account (Overnight Travel Meals)	63401-63499 (Various Travel Accounts)
PeopleSoft GL Account (All Other Meals)	64408 (Business Meals)
Non-Travel Meal Reimbursements	Process Request for Payment through Accounts Payable

V. Professional Membership Dues and Subscriptions

- A. The university may pay for membership dues to professional organizations and subscriptions to professional journals or newspapers if they are appropriate for the individual's position and duties and if the membership or subscription benefits the university.



- B. Life memberships in a professional organization may be purchased, at the discretion of the dean/vice president, if it is anticipated that the overall cost will be less than the cost of annual memberships over the employee’s anticipated tenure at the university.
- C. Departmental coordination of subscriptions is encouraged to avoid duplication.
- D. Union dues will not be paid by the university.
- E. Additional Restrictions for OSP Projects -- Memberships and subscriptions are not generally allowable on a sponsored project. These costs are seldom directly necessary for the performance of a sponsored agreement and are paid by the sponsor as part of the Facilities and Administrative (indirect cost) rate. However, under certain unusual circumstances, membership dues and/or subscriptions may be allowable on a project. Faculty and staff should contact their Sponsored Program Officer before attempting to charge these expenditures to a sponsored project.

Membership Dues, Including Subscriptions Which Come with Membership	PeopleSoft GL account 64401 (Dues and Memberships)
All Other Subscriptions	PeopleSoft GL account 64402 (Subscriptions, Periodicals and Books)

VI. Telephones and Other Telecommunication Devices

A. Overview

1. Long-distance personal calls on university office telephones are *prohibited*. University-provided telephones are intended for business use only.
2. Employees are not permitted to be reimbursed for business calls on personal cellular phones except where permissible when on travel status per the university’s travel policy.
3. At the discretion of the employee’s department, the university may provide cellular phones or other similar telecommunication devices (tablets, PDAs, smart phones, etc.) (herein collectively referred to as “cell phones”) and cell phone



services (minutes, data, and texting) for employees whose duties and responsibilities require continuous wireless access to telephone or Internet service, including email. The four options available for providing cell phones and cell phone services are described in Sections C, D, E and F below.

4. The appropriate level of cell phone service or amount of a cell phone allowance is determined by the department based on university needs, the employee's duties and available funding. Departments should review the service plans and allowances provided to employees on an annual basis to ensure that service provided and allowance amounts are reasonable compared with actual business use.
5. The employing unit must maintain records of cell phone allowances. The Request for Cell Phone/Internet Allowance or Fringe Benefit form must be used for this purpose.
6. Use of a university-provided cell phone while operating a motor vehicle is prohibited.
7. University-provided cell phones are university property that must be tagged, tracked and inventoried. Any university-provided cell phone must be returned upon termination of employment with the university. If a cell phone is not returned, the cost of the device will be reported as taxable income on the employee's Form W-2.

B. Procurement and Payment of Cell Phone Service

1. OCIO-TN is the university's preferred provider of cell phone service. Therefore, cell phone service for employees must be provided through OCIO-TN or a service provider affiliated with OCIO-TN unless an exception described in paragraph 2 below applies.
2. Cell phone services may be purchased from outside vendors if required services are not currently offered by OCIO-TN or if the department can document a valid business reason for using an outside vendor. The cost of cell phone services purchased from outside vendors should not exceed the cost of comparable service plans provided by OCIO-TN.

C. Cell Phone Option 1: Non-Taxable, University-Paid Service, Through OCIO-TN

1. Under this option, University-paid cell phone service must be provided primarily for noncompensatory business purposes (as defined below). Employees are required to certify, annually, that their use of University-paid cell phone service is



- primarily for noncompensatory business purposes.
2. Cell phones and cell phone services will be treated as being provided to an employee primarily for noncompensatory business purposes if there are substantial reasons relating to the university's business, other than providing compensation to the employee, for providing the employee with the cell phone and cell phone services. Examples include:
 - a. The university needs to contact the employee at all times for work-related emergencies.
 - b. The university requires that the employee be available to speak with other university employees or outside constituencies at times when the employee is away from the office.
 - c. The employee needs to speak with other university employees or outside constituencies located in other time zones at times outside the employee's normal workday.
 3. The [Request for Cell Phone/Internet Allowance or Fringe Benefit](#) form must be completed for this purpose and be approved by the employee's supervisor and the department's SFO. This form must be updated annually by November 30 of each year for the next calendar year.
 4. No retroactive adjustments to employee plan determinations are permitted.
- D. Cell Phone Option 2: Non-Taxable Fringe Benefit, University Payment to Third Party
1. Cell phone services may be purchased from outside vendors if required services are not currently offered by OCIO-TN or if the department can document a valid business reason for using an outside vendor. The cost of cell phone services purchased from outside vendors should not exceed the cost of comparable service plans provided by OCIO-TN.
 2. Under this option, departments may pay a cell phone provider directly for cell phone service for the employee if the cell phone service is provided to the employee primarily for noncompensatory business purposes (as defined in Section C above). Employees are required to certify, annually, that their use of such cell phone service is primarily for noncompensatory business purposes.
 3. The [Request for Cell Phone/Internet Allowance or Fringe Benefit](#) form must be completed for this purpose and be approved by the employee's supervisor and the department's SFO. This form must be updated annually by November 30 of each year for the next calendar year.
 4. No retroactive adjustments to employee plan determinations are permitted.



5. This option may not be used to provide cell phone service under a family share plan.

E. Cell Phone Option 3: Non-Taxable Allowance

1. Under this option, departments may provide a non-taxable allowance for cell phone service used primarily for noncompensatory business purposes (as defined in Section C above). Employees are required to certify, annually, that their use of such cell phone service is primarily for noncompensatory business purposes.
2. Under this option, annually or with a change in the cell phone plan, the employee must substantiate the cell phone service expenses to the university by providing a copy of his or her most recent monthly cell phone bill to verify that the allowance is not greater than the total cost for cell phone service incurred by the employee. If the monthly allowance amount exceeds the actual cost of the monthly plan, the employee must return the difference to the university or the university will charge the difference as a taxable allowance.
3. If the employee is on a family share plan, the cost of the plan must be allocated among individuals who are using the plan.
4. The [Request for Cell Phone/Internet Allowance or Fringe Benefit](#) form must be completed for this purpose and be approved by the employee's supervisor and the department's SFO. This form must be updated annually by November 30 of each year for the next calendar year.
5. No retroactive adjustments to employee plan determinations are permitted.

Processing of Allowances

The allowance is to be paid directly to an employee and should be processed via additional pay through Payroll, using the **CRN** earnings code.

F. Cell Phone Option 4: Taxable Allowance

1. The department may provide an employee a cell phone allowance for business reasons other than those listed above.



2. Under IRS regulations, the allowance is a taxable benefit and reported as taxable income on the employee's Form W-2.
3. The [Request for Cell Phone/Internet Allowance or Fringe Benefit](#) form must be completed for this purpose and be approved by the employee's supervisor and the department's SFO. This form must be updated annually by November 30 of each year for the next calendar year.
4. No other recordkeeping is required.

Processing of Allowances

The allowance is to be paid directly to an employee and should be processed via additional pay through Payroll, using the **CRX** earnings code.

G. Additional Restrictions for OSP Projects

1. Cell phone charges are generally not allowable on sponsored projects. Faculty and staff should contact their Sponsored Program Officer before attempting to charge these expenditures to a sponsored project.

VII. Off-Campus Internet Service

A. Overview

1. The university may provide for payment of university employees' home and off-campus Internet service connection subscription costs when appropriate to support university business and where funding is available.
2. An Internet connection allowance may be provided for an employee whose duties and responsibilities require Internet access while off-campus, outside normal business hours and locations, or from home.
3. The appropriate level of Internet service or amount of an Internet allowance is determined by the department based on university needs, the employee's duties and available funding. Departments should review the service plans and allowances provided to employees on an annual basis to ensure that allowance amounts are reasonable compared with actual business use.
4. The employing unit must maintain records of Internet connection allowances. The Request for Cell Phone/Internet Allowance or Fringe Benefit form must be used for this purpose. Employing units must provide a summary report of all approved continuing allowances by service provider to the Office of the CIO when requested to help aggregate total usage in support of university volume pricing arrangements.



5. Payment or reimbursement for short-term Internet connection expenses for services used during a specific trip must be associated with a travel authorization "T" number. These transactions must be supported by a documented business purpose and processed through the university Travel Office.
6. In general, the use of an off-campus Internet connection provided through a university Internet connection allowance is subject to the university's Policy on Responsible Use of University Computing and Network Resources ("Responsible Use Policy"). However, the Responsible Use Policy's limits on personal use do not apply.

B. Off-Campus Internet Service Option 1: Taxable Allowance

1. Departments may provide a taxable allowance for Internet service.
2. Employees who receive a taxable allowance to obtain off-campus Internet service must subscribe directly with Internet service providers and pay the providers directly.
3. Under this option, amounts paid to the employee for off-campus Internet service will be reported as taxable income on the employee's Form W-2.
4. The Request for Cell Phone/Internet Allowance or Fringe Benefit form must be completed.
5. No recordkeeping of business and personal use is required.

**Processing of
Taxable
Allowances**

The allowance is to be paid directly to an employee and should be processed via additional pay through Payroll, using the **IRX** earnings code.

C. Off-Campus Internet Service Option 2: Fringe Benefit

1. Departments may pay an Internet service provider directly for off-campus Internet service.
2. Under this option, the employee must use the University-paid Internet service primarily for noncompensatory business purposes (as defined below). Employees are required to certify, annually, that their use of such university-paid Internet service is primarily for noncompensatory business purposes.



3. The Internet service will be treated as being provided to an employee primarily for noncompensatory business purposes if there are substantial reasons relating to the university's business, other than providing compensation to the employee, for providing the service.
4. The [Request for Cell Phone/Internet Allowance or Fringe Benefit](#) form must be completed for this purpose and be approved by the employee's supervisor and the department's SFO.
5. No retroactive adjustments to employee plan determinations are permitted.

D. Off-Campus Internet Service Option 3: Non-Taxable Allowance

1. Departments may provide a non-taxable allowance for Internet service.
2. Under this option, the employee must use the Internet service allowance primarily for noncompensatory business purposes (as defined above). Employees are required to certify, annually, that their use of such university-paid Internet service is primarily for noncompensatory business purposes.
3. Under this option, the employee must substantiate the Internet service expenses to the university by providing a copy of his or her monthly Internet bill to verify that the allowance is not greater than the total cost incurred by the employee. If the monthly allowance amount exceeds the actual cost of the monthly plan, the employee must return the difference to the university.
4. The [Request for Cell Phone/Internet Allowance or Fringe Benefit](#) template must be completed for this purpose and be approved by the employee's supervisor and the department's SFO.
5. No retroactive adjustments to employee plan determinations are permitted.

Processing of Allowances

The allowance is to be paid directly to an employee and should be processed via additional pay through Payroll, using the **IRN** earnings code.

E. Additional Restrictions for OSP Projects

1. Under certain unusual circumstances, off-campus Internet service charges may be allowable on a project.



2. Faculty and staff should contact the sponsored program officer before attempting to charge Internet service fees to a sponsored project.

VIII. Entertainment (Also refer to Sections I. Alcohol and IV. Meals)

- A. The university may pay or reimburse expenditures relating to entertainment when the purpose is fundraising, promotion of the university, or entertainment for guests of the university by designated university officials.
- B. For purposes of this policy, “designated university officials” include deans, vice presidents, development officers, senior administrators, and other employees who have been asked to serve in a host capacity.
- C. Examples of entertainment expenditures include food, beverages, admission charges, flowers, mementos and other miscellaneous expenses.
- D. Entertainment expenditures must be reasonable, prudent, appropriate to the occasion and consistent with the university's mission.
- E. All entertainment expenditures must have documented dean or vice president approval.
- F. Meal and entertainment expenditures in excess of \$200 a person (including alcohol and excluding tips) require documented pre-approval by the dean or vice president.
- G. Additional Restrictions for OSP Projects -- Entertainment expenditures are unallowable on sponsored projects.

PeopleSoft GL Account	64430 (A-21 Entertainment and Gifts)
----------------------------------	---

XI. Payment for Services

- A. All individuals providing services to the university must be paid directly by the university.
- B. Payments to individuals classified as employees are processed by Human Resources.
- C. Payments to individuals classified as independent contractors are processed by Purchasing and Accounts Payable.



- D. If an employee pays another individual to provide services, the university will not reimburse the employee for these expenditures.

<p>Worker is an employee (University has the right to control the means, method and result of the work)</p>	<p>Payment is made through regular university payroll or supplemental compensation</p>
<p>Worker is an independent contractor</p>	<p>To ensure that an independent contractor classification is appropriate, departments should complete the Documentation Form for Non-Employee Work Arrangements, which is available on the Controller's website</p>

X. Control over Expenditure of Gifts

- A. Charitable contributions are typically provided by a donor to support a specific activity (e.g. scholarships).
1. All such gifts to the university are considered the property of the university and must be processed through the Office of University Development.
 2. The responsibility for the expenditure of these funds resides in the department, which ensures that the funds given for a specific purpose are used for their intended purpose.
 3. When a donor broadly defines a gift by indicating that it may be used at the discretion of the department, the chairperson may determine their use to support instruction, research or service of the unit.
- B. The Ohio State University recognizes and encourages charitable contributions by faculty and staff members, including contributions designated to support programs and activities in their departments.
1. Expenditure of these contributions remains subject to university control.
 2. The donor (faculty/staff member) cannot have direct control or approval authority over expenditure of his/her gift funds. In the event an employee terminates employment with the university, his/her unspent designated contributions remain the property of the university.
 3. To ensure appropriate control over these funds and compliance with federal tax laws, all expenditures of designated contributions must:



- a. Be made for a legitimate business purpose that furthers the institution's mission (teaching, research and public service) and be within the specific restrictions set forth in the fund's description;
 - b. Comply with the university Expenditure, Travel and Purchasing policies, and;
 - c. Be approved by a fiscal officer, chair, dean or vice president, consistent with established lines of authority within the college/vice presidential area.
4. The dean or vice president shall have overall responsibility and final authority over his or her college's expenditures of designated contributions.
 5. Under no circumstances may designated contributions be expended for items of a personal nature (i.e. lacking a legitimate business purpose).
- C. The above requirements are necessary to minimize the possibility that the Internal Revenue Service will question the charitable nature (and deductibility) of contributions to the university. In Private Letter Ruling 9405003, the IRS defines a charitable contribution as a "voluntary transfer of money or property that is made with no expectation of procuring a financial benefit commensurate with the amount of the transfer. In addition, a gift is not considered a contribution 'to' a charity if the facts show that the charity is merely a conduit to a particular person."

Any question regarding specific gift arrangements should be directed to the Office of University Development.

RESOURCES

Ohio State, Office of the Controller, 614-292-6220

Ohio State, Accounts Payable, 614-292-6831

Ohio State, Travel Office, 614-292-4186

Ohio State, Office of Human Resources, 614-292-1050

- Family and Medical Leave
- Reward and Recognition
- Moving Expense

Ohio State, Office of Research, Office of Sponsored Programs



Ohio State, Office of Legal Affairs

Ohio State, Office of University Development

Ohio State, Office for Information Technology, Department of Telecommunications and Networking (UNITS)

Internal Control Policy

[Deans Expenditure Approval Process](#)

Request for Cell Phone/Internet Allowance or Taxable Fringe Benefit

HISTORY

Issued: 07/2004

Revised: 07/2013

Edited: 01/2010