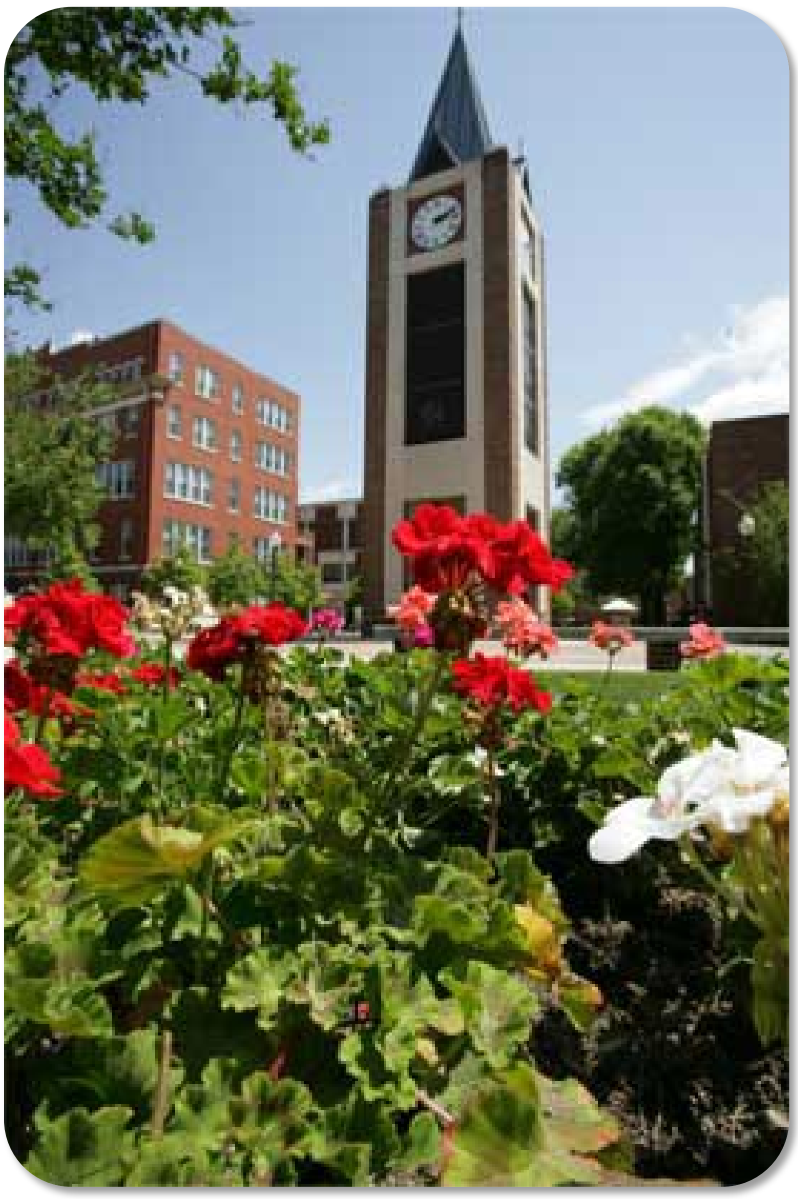
UNIVERSITY OF THE INCARNATE WORD®

UNIVERSITY OF THE INCARNATE WORD FINANCIAL POLICIES AND PROCEDURES



UNIVERSITY OF THE INCARNATE WORD
FINANCIAL POLICIES AND PROCEDURES

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Revised date: December 8, 2023
Effective date published: August 1, 2022

SECTION 1: PROCUREMENT AND BID POLICY

Effective Date: December 8, 2023
Contact: Director of Procurement and Other Support Services

1.0 Introduction

This policy is applicable to all departments and individuals who purchase goods, materials, supplies, equipment, and services on behalf of the University of the Incarnate Word (UIW), St. Anthony Catholic High School, Incarnate Word Education Foundation, UIW International, Texas Institute for Graduate Medical Education and Research, and all other entities which are managed by the University (collectively referred to as the University). Procurement related to construction projects is outlined in the University's Section 7: Construction Policy.

The Procurement and Bid Policy has been implemented to provide guidance to University personnel on the appropriate procedures to follow when making purchases with University funds or University managed funds, to ensure that the University is efficiently procuring the most cost-effective goods, materials, supplies, equipment, and services. University funds include all funds obtained from internal or external sources (i.e., donors or grantors), whether they are unrestricted or restricted. The processes and procedures outlined are intended to support an effective, adequately controlled purchasing environment. Failure to adhere to the University's policies and procedures may be cause for disciplinary action up to and including termination.

1.1 Procurement Policy - General

Purchasing Mission and Objectives

The primary purpose of the Purchasing Department is to assist the faculty and staff with identification, selection, and acquisition of required goods and services on a timely and economical basis within acceptable standards of quality and services. The University's Purchasing Department employs a team of individuals, including a Director of Procurement and Other Support Services who oversees the Department's operations.

This document references the policies as well as statutes that govern the Purchasing Department's authority and details practices which guide the procurement process of the University. The University also follows the regulations applicable to all federal projects. For grants awarded prior to December 26, 2016, the regulations below are being followed by the University:

1. Circular A-21 "Cost Principles for Educational Institutions"

2. Circular A-110 "Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations"
3. Circular A-133 "Audits of State, Local Government, and Non-Profit Organizations"

For any grants awarded on December 26, 2016, or later, the University is following the new guidance below:

1. Code of Federal Regulations, Title 2 "Grants and Agreements," Subtitle A "Office of Management and Budget Guidance for Grants and Agreements," Part 200 "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards"

The Purchasing Department is required to adhere to all stipulations and specific regulations related to grant funds provided. Most major federal agencies publish books or manuals which provide rules specific to their grants. The Department of Education also relies on Education Department General Administrative Regulations (EDGAR), published in the Code of Federal Regulations, Section 34. Departments are also responsible for understanding all federal regulations related to the procurement of goods with federal funds.

Purchase Authorization

The purchase of any goods or services on account totaling $1,000 or more not purchased on a University P-card which involves the expenditure of the University's funds should be processed through the purchase requisition system and are subject to the University's approval authorities. All technology-related requisitions require approval by Technology Support Services. All supporting documentation for in-kind contributions of goods and services to the University should be remitted to the Development Office for proper accounting.

Approval hierarchies have been established within the Banner system. If the requestor has exceeded his or her spending authority limit, the request will automatically be routed to someone with a higher level of authority within the department for approval. It is the approver's responsibility to ensure the purchase request is for necessary and reasonable goods or services with a valid business purpose.

Authorization to Contract

If a purchase requires a contract with a vendor, the requesting department, along with the Director of Procurement, will negotiate and review the contract terms to ensure the agreement is fair and equitable for the University. The President, CFO and Vice President for Administrative Services (CFOVPAS) and the Associate Vice President for Business and Finance and Comptroller (AVPBFC) have the authority to sign contracts on behalf of the University or may designate such authority as needed.

Prior to executing a contract, the CFOVPAS may consult with in-house or external legal counsel as deemed necessary given the complexity of the contract or specific expertise needed. Additionally, all contracts that include terms related to technology are reviewed by the Vice President for Information Resources and Chief Information Officer. The approval process for contracts should be followed for all areas of operation and all contracts including purchase contracts, leases, room rentals, automobile purchases, contracts with independent contractors, etc.

Sales Tax Considerations

The University is a tax-exempt organization. Therefore, it is important for employees to provide vendors with the tax-exempt certificate when purchasing goods or services on behalf of the University to ensure departments are not paying unnecessary taxes. If departments are found to continually procure goods without utilizing the tax-exempt status, individuals could be personally liable for the reimbursement of sales taxes to the University. In addition, the University is exempt from state hotel tax, and a hotel tax exemption certificate should be provided for hotel stays within the state of Texas. Exemption certificates can be ordered through the print shop or are available on the Accounts Payable webpage.

1.2 Procurement of Goods and Services

For purchases less than $1,000, employees are encouraged to use a University issued credit card/purchasing card (P-card) to purchase the goods or services required or work directly with the Purchasing Department to secure the items needed. Such purchases should be handled in accordance with the University's Section 4: Credit Card/P-Card Policy – 4.5 Approved P-card Purchases may also be completed as direct payments of an invoice though Accounts Payable utilizing a check requisition form or through petty cash in accordance with established Petty Cash Guidelines.

For requests related to maintenance, repairs or minor renovation projects for an office, classroom or building, please refer the University's Section 6: Fixed Asset Policy; 6.2 Tracking and Tagging of Fixed Assets for additional information.

Purchase Requisition

All purchases of goods and services on account in the amount of $1,000 or more are required to go through the University's purchase requisition process. Purchases on account include those in which the vendor will invoice the University at a later date for goods or services purchased. There is an automated purchase requisition process in place which begins with the completion of the electronic requisition form available in the Banner system. The completed requisition form must include a clear and accurate description of the technical requirements for the products or services to be procured along with all supporting documentation. The requestor should also confirm adequate funds are available in the budget to cover the purchase before the requisition is electronically routed to an approver with the appropriate level of authority. In some cases, the individual noted as the approver in Banner can give authority to another individual to approve the purchase requisitions on his or her behalf through a proxy. However, proxies must be authorized via email or in writing to the Purchasing Department to update the approval queues in the Banner system. If the purchase requisition relates to expenditure of restricted funds, it requires additional approval by the Grants Accounting Office through the approval queues.

Upon completion and proper approval, the online requisition form is submitted in its entirety to Purchasing for additional review. The requesting department can query the desired vendor to find the vendor number, or they can opt to leave the vendor number blank if they would like the Purchasing Department to research the most economical option for the item to be purchased. If the purchase is to be made from a new vendor that is not included in the current vendor listing, the requestor is responsible for gathering and submitting the additional documentation necessary to properly set up the vendor. This can include, but is not limited to, validating the vendor's name and address, and obtaining the vendor's Form W-9. If an incomplete requisition form has been submitted, Purchasing will contact the department initiating the purchase requisition. If the issue cannot be remediated via a phone call or email, Purchasing will then send the form back to the individual responsible for the requisition to be resolved. Goods and services cannot be ordered until the purchase requisition has been submitted and the associated purchase order has been approved by the Director of Procurement.

Processing of Requisition Form

A Purchasing associate will review the requesting department's budget to determine whether funds are available, process the request, and submit it to the Director of Procurement and Other Support Services for online approval. If funds are not available, the requisition will be returned to the requesting department with further instructions to contact the Comptroller's Office for guidance. If funds are available in the budget, Purchasing will select a vendor by reviewing bids or researching a low-cost provider (if not specified by the requestor), assign a vendor number, and assign a purchase order number to the requisition. Once the purchase requisition has been approved by Purchasing, an electronic copy of the purchase order is emailed to the requestor. If any changes are needed, please contact the Purchasing department.

Certain purchases have unique processes in place that do not directly follow the process specified above. These are explained in further detail below.

Online Purchases

The University maintains online accounts with Amazon Business (purchase order only) and Heights Office Products (p-card eligible or purchase order) to obtain special pricing and tax-exempt status. Departments should contact Purchasing to obtain access to these accounts. In addition, as online purchasing is becoming more prevalent, the University allows departments to order other items online. Online purchases less than $1,000 should be purchased with a University credit card/P-card. Online purchases of $1,000 or more should follow the purchase requisition process. Once the requisition has been approved and a purchase order is generated, the requestor can then place the order online if the vendor will directly bill the University for these purchases. An online receipt is printed that shows the items ordered and the total price of the purchase which should agree to the purchase order. The online receipt is then attached to the purchase order in Banner.

Membership Company Purchases

The University currently has a single membership to purchase items in bulk from Sam's Club. All departments are allowed to use the membership to purchase items from Sam's Club on behalf of the University; however, all purchases must be made using a purchase order, including purchases less than $1,000. Departments are encouraged to use blanket purchase orders for Sam's Club when applicable.

Technology Purchases

All technology-related purchases, other than computers, are coordinated through the Technology Logistics and Director of Purchasing, to ensure reasonable pricing, compatibility with the University's network, and the proper level of technology is obtained to meet the users' needs. Once the Technology Support Specialist has prepared a purchase requisition, all documentation is submitted to Purchasing for approval. The Purchasing Department will set up the purchase order, and the requesting department will approve the purchase before it is made. The approved purchase order is then sent to the vendor, and the vendor will deliver the equipment to Technology Support Services. A technician will install all new software and also deliver and set up any new equipment for the requesting department.

All computers and computer-related equipment are tagged and tracked by Technology Support Services. Computer purchases are managed by the Information Technology Department in accordance with the Technology Hardware Procurement and Replacement Policy.

Travel Purchases

All travel purchases should be handled in accordance with the University's Section 3: Travel and Entertainment Policy.

Purchases Not Requiring a Purchase Requisition

Transactions that are not purchases of goods or services on account where a vendor will invoice the University at a later date do not require purchase requisitions. Such transactions include professional services agreements, registrations fees, dues, and subscriptions, etc.

University credit cards/P-cards should not be used to bypass the University's purchase requisition process. Anyone found using a University credit card/P-card to bypass the University's purchase requisition process will have their card cancelled.

Catering and Food Trucks

For school-sponsored meals on school premises, the contracted food service vendor has the right of first refusal for catering. Catering is further defined as any food service totaling $250 or more per event, including delivery as well as meals where a server is provided. Charges for a meal or event cannot be split to bypass the $250 threshold. The contracted food service provider must be given sufficient time (at least five business days) to provide a bid, and their bid should not be shared with other vendors to solicit lower bids. Additional bids from outside vendors are not required when using the contracted food service provided. Catering charges less than $1,000 can be paid for via P-cards while charges of $1,000 or more need a purchase order. Blanket purchase orders are encouraged for departments which may have several catering events during the year to minimize paperwork and improve efficiencies.

For departments which may be interested in bringing food trucks on campus to cater an event, the University's contracted food service vendor still has the right of first refusal and bids should be obtained from the University's contracted food service vendor and the food truck vendor. If the food truck vendor provides a lower bid, the department should coordinate with the Purchasing and Environmental Health, Safety and Risk Management Offices to ensure the necessary paperwork is completed and the University obtains the required insurance certificates from the food truck vendor.

Competitive Bidding

A minimum of three bids must be solicited for goods and services purchased in the amount of $25,000 or more. For purchases requiring bids, the requesting department is responsible for developing and compiling the proper documentation, including a clear and accurate description of the technical requirements for all products or services to be procured, and requesting bids from the specified vendors. The Purchasing Department is available to assist with this process if needed. Once vendors have been notified of the bid request, the vendors are provided a deadline to submit their bids. Each bid or quotation is deemed completed and considered in the bid process when the bid has included a description of all products or services available to address the request, the costs of the products or services to be provided, any additional related costs (e.g., handling fees, delivery, installation cost), and the payment terms. If bid information is incomplete, the Purchasing Department will follow up with the vendor to get additional information. The Director of Procurement and Other Support Services is responsible for reviewing all bids against the purchase requisitions and will select the vendor to use after considering pricing and other criteria such as the vendor being able to provide goods or services timely. Additional justification will be included with the purchase requisition if the lowest bid is not selected.

Bidding requirements related to construction projects are outlined in the University's Section 7: Construction Policy - 7.4 Pre-Construction Phase .

Bidding Policy Exceptions

While purchases of $25,000 or more should go through the bidding process, there are some exceptions to the policy as noted below.

Licensed Vendors

Licensed vendors who are authorized to use University trademarks on products are also excluded from the bid process. To become an approved licensed vendor and be placed on the University Licensed Vendor List located on the Visual and Corporate Identity webpage , the vendor must pay an annual licensing fee to the University's Licensing Department to use the approved UIW trademark on apparel, supplies, and other materials.

Contracted Vendors

For vendors that have contracted arrangements with the University to provide certain goods or services, bids are not required. However, as new and renewal contracts are negotiated, bids should be obtained as deemed necessary to ensure the University is receiving favorable pricing.

When using contractors, the University must award contracts only to responsible contractors who are able to successfully meet the terms of the contract. When selecting a contractor, integrity, compliance, past performance, and financial and technical resources should be considered. The University must also maintain oversight of the work or services provided by the contractors to ensure they are being performed in accordance with the terms, conditions, and specifications of the contract.

If federal funds are being used, the University is not permitted to enter a time and materials type contract unless no other contract is suitable, and a ceiling price is included in the contract.

Preferred Vendors

Preferred vendors have been identified by the University's Purchasing Department as providing fair and economical pricing on the goods or services that they provide; therefore, the University has decided to frequently utilize these vendors for purchasing needs. Goods or services purchased from a preferred vendor do not have to go through the bid process. A preferred vendors listing is maintained by the Purchasing Department which is available upon request. Departments can submit justification to assign a vendor as preferred; however, the Director of Procurement and Other Support Services has ultimate discretion over the classification. All preferred vendors are formally reviewed annually by the Purchasing Department to assess whether they continue to provide the University with pricing that is within range or better than competitors. A sample of regularly purchased items is selected and the pricing from the preferred vendor is compared to the pricing of a few competitors to determine whether the preferred vendor is providing comparable pricing. Documentation of the annual pricing review is retained to justify the vendors being included on the preferred vendor listing.

Sole Sourced Vendor Justification

A sole sourced procurement is an acquisition of goods or services which restricts the University to a single vendor or brand. The department must provide written justification that the vendor is a sole source, and therefore exempt from the bidding requirement. Justification letters should not be provided by the vendors whose equipment or services are being considered. Departments cannot treat a vendor as a sole source simply because they prefer a specific vendor or brand if there are other viable options.

The *Sole Source-Preferred Vendor Justification Form* must be submitted as justification for purchase from a Sole Source or Preferred vendor when making purchase(s) of item/system exceeding $25,000.00. This justification should be used as an exception and is not meant to be used to circumvent policy and procedures. Acceptance of this justification is at the discretion of the Purchasing Office. Please complete the Sole Source-Preferred Vendor Justification Form for review prior to submitting a purchase requisition.

Conflicts of Interest

University employees who engage in the selection, award, and administration of procurement with vendors should be free from all real and perceived conflicts of interest with all possible vendors considered in the selection process. If the Purchasing Department believes that a vendor relationship may result in a conflict of interest with an individual responsible for purchasing goods or services or entering into a contract with the vendor, the University will investigate accordingly and act in the best interest of the University. Employees must disclose any known relationships with potential vendors and any known conflicts of interest to the Director of Procurement. Please reference the University of the Incarnate Word Employee Handbook Section 7.6 Gifts and Gratuities for additional information.

Purchase Orders

Purchase orders are official contracts which authorize University purchases and should be the only method for placing orders with vendors, as required by the guidelines above. The University will not purchase goods from vendors with cash due on delivery (COD). Once availability of funds is determined, bidding has been completed as necessary, and all approvals have been obtained, Purchasing will assign a vendor number to the requisition and convert it to a purchase order. Prior to the purchase order being issued, it is reviewed by the Director of Procurement and Other Support Services to ensure that the proper vendor number and proper accounts are assigned. A copy of the purchase order is submitted to the Accounts Payable Department. A copy of the purchase order is also emailed to the respective department to be sent to the vendor to order the goods of services.

Funds are encumbered at the time the purchase requisition is submitted. Encumbrances are released at the time the related invoice is paid. Open encumbrances over $1,000 with activity for the last three months of the fiscal year will roll to the new fiscal year and encumber next year's budget. Departments should monitor open encumbrances on a regular basis to ensure goods are received and invoices have been received and paid. Departments should notify Purchasing about any open purchase orders that need to be modified or closed.

The department sends the purchase order to the vendor, and the vendor ships the merchandise to the University and sends the invoice to the Accounts Payable Department. All goods are required to be delivered directly to Central Shipping and Receiving where the goods are inspected to ensure that what was received reconciles in quantity and description to the items ordered on the purchase order. Goods are tagged, if necessary, in accordance with the University's Section 6: Fixed Asset Policy - 6.2 Tracking and Tagging of Fixed Assets and then delivered to the respective department. All bills of lading or shipping documents must be submitted to Accounts Payable to support the receipt of goods and payment of the invoice.

The Accounts Payable Department routes any invoice totaling $5,000 or more to the respective department for approval to pay the invoice (via a signature on the invoice) and verification that the goods were received, even though the purchase order has already been approved. The departments are responsible for monitoring their own budgets and ensuring that goods purchased out of their budget were in fact received. Vendor invoices for capitalized equipment, grant purchases, or no corresponding purchase order numbers, as well as any changes in monthly payment amounts (i.e., monthly invoices for service contracts), are routed to the responsible department for further review. Verification is accomplished by an email sent to the respective department. The respective department should respond back to the Accounts Payable Department's email within three working days to verify the purchases were received so the invoice can be paid. Once the Accounts Payable Department receives confirmation, the invoice is processed and paid. Documents including the purchase order, invoice and any other support related to the transaction are scanned and available through the Banner Document Management (BDM) system.

Issue Check Purchase Orders

"Issue Check" purchase orders may be used only when a vendor absolutely refuses to accept a purchase order number or demands payment in advance. Issue check requests requiring prepayment must be accompanied by supporting documentation (i.e., requisition forms, order forms, price quotes, etc.). Departments should allow at least five business days for a purchase order and check to be generated.

Blanket Purchase Orders

Blanket purchase orders eliminate the need to create a purchase requisition for each transaction with selected vendors and allow departments to obtain frequently purchased items in a timelier manner. The blanket purchase orders are established by first creating a purchase requisition. It should indicate items required, estimated usage, and individuals authorized to place orders under the blanket purchase order. The Director of Procurement and Other Support Services will establish one blanket purchase order per department for each vendor. If the monetary value of the blanket purchase order is exceeded, a change order must be submitted to increase the blanket purchase order limit before additional orders are placed with the vendor.

Change Orders

Changes to the initial purchase order can occur during the normal course of business. In situations when changes are necessary, the requesting department will submit a request for a change order to Purchasing to process in Banner. Purchasing reviews, the department's budget to verify funds are available if the change requires an increase in the purchase order amount.

Rush Purchase Orders

In rare situations, goods or services may need to be purchased immediately before a standard purchase order can be processed. In these situations, the individual should work directly with the Purchasing Department to secure the goods or services needed. Upon receiving the invoice or quote, the Purchasing Department will generate a purchase order number and obtain all documentation to input into Banner.

Procurement Issues

The Purchasing Department is responsible for handling all disputes, contract settlements and administrative issues which may arise out of procuring goods and services and has the right to remove a vendor as an approved vendor based on concerns identified.

1.3 Procurement of Goods and Services with Federal Funds & State Awards (Effective June 1, 2020) (Updated December 8, 2023)

Grant Requirements

Grants have specific provisions related to the expenditure of grant funds, which can vary depending on the respective grant received. If the purchase is related to a grant or restricted account, the budget line-item fund number will begin with a "2XXXX", and the purchase requisition must be approved by the Grants Accounting Office to verify the availability of the funds for the item to be purchased and the allowability of the expenditure based on the grant guidelines. The Purchasing Department will assist in finding the most economical version of the product to be purchased with the grant or restricted funds.

Effective June 1, 2018, the University adopted the Code of Federal Regulations, Title 2 "Grants and Agreements," Subtitle A "Office of Management and Budget Guidance for Grants and Agreements." Specifically, Sections 200.317 through 200.326 of Part 200 of the Guidance, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards," provide new procurement regulations for the University to follow when procuring goods and services using federal funds.

When goods and services are purchased using federal funds, extra care must be taken to avoid purchasing unnecessary or duplicative items. The Purchasing Department also reviews the purchase requests to ensure the goods or services are being purchased based on the most economical approach available. Support for the purchase must also be maintained including, but not limited to, rationale for method of procurement, selection of contract type, reason for contactor selection or rejection, and the basis for the contract price.

Procurement transactions are conducted in a manner providing full and open competition amongst all applicable vendors to ensure objective vendor performance and eliminate unfair advantages. The University takes steps to ensure that minority and women-owned businesses are considered and used when possible.

Based on the new procurement standards, all products and services must be procured using one of the following five methods which must be adequately documented at the time of purchase:

1. Micro-purchases - The acquisition of products or services in which the aggregate dollar amount does not exceed $10,000 for federal awards and $3,000 for state awards. No cost or price analysis is required if prices appear reasonable; however, purchases in this range must be distributed equitably among qualified vendors.

2. Small purchases - The acquisition of products or services ranging from $10,001 to $150,000. These purchases require informal price or rate quotes from at least three qualified vendors. Documentation of the price review and selection of the vendor is maintained with the purchase order.

3. Sealed bids (formal advertising) - For acquisitions of products or services over $150,000, especially for construction work, bids are publicly solicited from at least three qualified vendors. All sealed bids received back from vendors are opened publicly at the time and place noted in the bid invitation. A firm fixed-price contract is awarded to the responsible bidder who has the lowest bid and meets all the terms and conditions of the bid request. Documentation of the price review based on the bids received and the selection of the vendor is maintained with the purchase order. A cost and price analysis must be performed for these types of purchases.

4. Competitive proposals (requests for proposal (RFP)) - For acquisitions of products of services over $150,000 where sealed bids are not appropriate and price may not be the only or main factor to consider, competitive proposals may be used. Requests for proposals specifying all evaluation factors are sent out to at least three qualified vendors. All proposals received are evaluated against the original guidelines provided and a vendor is selected. All evaluation methodology must be documented when selecting the vendor. Either a fixed price or cost-reimbursement type contract is awarded to a responsible vendor whose proposal is most advantageous to the program when price and other factors are considered. A cost and price analysis must be performed for these types of purchases.

5. Noncompetitive proposals (sole source) - This method is to be used when a procured item or service is only available from a single source; given an immediate, emergency need for the product or service there is not time for competitive solicitation; the Federal agency awarding funds to the University authorizes noncompetitive proposals as a result of a written request from the University; or competition is deemed inadequate based on the results of solicitations from several vendors. A proposal is solicited from the sole source vendor and reviewed for reasonableness.

When procurements are in excess of $150,000 and the sealed bids or competitive proposals methods are used, a cost or price analysis is performed. The University will make an independent estimate of the cost of the procurement prior to receiving and reviewing the bids or proposals. Profits are negotiated as a separate element of the price to ensure reasonable profits. The University will also comply with bonding requirements when entering into construction or facility improvement contracts with vendors in excess of $150,000. The bid guarantee provided by each bidder should be five percent (5%) of the bid price. Upon completion of the construction, the University will also obtain a performance bond and a payment bond from the contractor.

The University will provide the Federal awarding agency with any documentation or support related to the procurement of goods or services using federal funds when requested.

SECTION 2: GUIDELINES FOR UNIVERSITY SPONSORED GIFTS AND EVENTS

Effective Date: August 1, 2022
Last Updated: June 1, 2018
Contact: Accounts Payable Manager

2.0 Introduction

The guidelines outlined below are applicable to the University of Incarnate Word (UIW), St. Anthony Catholic High School, Incarnate Word Education Foundation, UIW International, Texas Institute for Graduate Medical Education and Research, and all other entities which are managed by the University (collectively referred to as the University).

Employees with budgetary account authority are responsible for expending University funds and resources for purposes that support the University's educational functions, promote education, and provide an important institutional purpose. Expenditures must have a clear business purpose and meet the guidelines established by the Department of Business and Finance.

2.1 Gifts and Gift Cards

University funds may be used to purchase gift cards or other gifts for university business related purposes, such as thanking a speaker or recognition for tasks beyond normal departmental job duties (e.g., participation on a special task force). Such gifts may not exceed $25 in value.

However, a supervisor may not purchase gifts or gift cards for employees in his/her own department or another department for non-related University business purposes including special days of recognition or official holidays (i.e., Administrative Assistant's Day, Boss's Day, Christmas, Birthdays, etc.). Small gifts to employees or student employees (including graduate assistants) are a personal decision and should be funded using personal funds or a collection of donations from departmental members.

Retirement gifts for employees who are officially retiring from the University may be purchased by the employing department with University funds and cannot exceed $100 in value.

Gift cards cannot be used to compensate individuals for services rendered. Compensation for employees must be paid through the Payroll Department, and compensation for independent contractors must be paid through the Accounts Payable Department.

Gift cards may be used as an incentive payment for research or survey participants. A log of recipients must be included with the supporting documentation.

Prizes are only allowed at official University sponsored events coordinated by Human Resources or other authorized departments (such as the Employee Campaign Breakfast, Cowboy Breakfast, and Holiday

Reception) where prizes (including gift cards) are awarded to employees, and the recipients are unknown until their names are drawn. Individual prizes purchased with University funds cannot exceed $50 in value.

2.2 Parties

Retirement gatherings may only be hosted by the employing department for employees officially retiring from the University and should not be lavish or extravagant. Other private departmental or employee events and celebrations such as holidays, birthdays, showers, or going-away parties should not be scheduled during the regular workday, except during the lunch hour. Departmental funds cannot be used for refreshments, gifts, or decorations at such events.

2.3 Meals

The University allows payment for reasonable and necessary business meal expenses for meetings and other activities. Meals involving only University personnel are allowed under certain circumstances. The frequency of such meetings and the related expenses must be reasonable and appropriate given the purpose of the discussion and the nature of the business conducted by the schools or departments. Such expenditures should not occur more often than on a quarterly basis.

Meetings should only be scheduled during the normal mealtime when no other time is available for all involved personnel to meet. Such meetings include:

- Breakfast, lunch, and dinner meetings which are necessary to conduct University business
- Formally organized luncheon meetings which are necessary to carry out the business of official committees appointed by the University
- Meetings of an organized working group of employees that require the work of the group to progress through a normal mealtime (i.e., participating in a webcast for training purposes)

Reasonable tips of no more than 20% are allowed on business meals. Tips exceeding 20% of allowable business meals are a personal decision and are not allowed. The amount of tip over 20% will be the personal responsibility of the employee paying the tip.

2.4 Flowers

Flowers sent on major occasions are not classified as gifts and, therefore, may be purchased with University funds. Major occasions include the death of an immediate family member, hospitalization, and the birth or adoption of a child. A floral arrangement or suitable gift of condolence (such as a donation to an appropriate charitable organization in lieu of flowers at the request of the family) will be made on behalf of the University by the employing department with prior approval from the Human Resources Department. Flowers or gifts for such purposes may not exceed $100 in value. Prior approval should be obtained by contacting Human Resources via email at uiwhr@uiwtx.edu . Any additional gifts from other departments or employees are a personal decision and should be funded using personal funds or a collection of donations from departmental members.

2.5 Apparel

Apparel items with school logos and/or department names are not classified as gifts since they are promotional in nature and, therefore, may be purchased with University funds. Such apparel should be professional in appearance and may not exceed $100 in value per employee per fiscal year. This limit does not apply to departments that require official uniforms.

2.6 Unallowable Expenditures

- Expenses of a personal nature cannot be funded with University resources. Examples of unallowable expenditures include, but are not limited to, the following:
- Expenditures for employee social or recreational functions where no business is conducted, nor business objectives are present. Such expenditures include tables or individual meals or tickets to school sponsored events (i.e., Swing-in golf tournament, fashion show, sporting events, etc.), non-approved individual farewells or employee recognition programs, picnics, or other seasonal gatherings and employee functions.
- Personal travel and entertainment expenses including passports, airline club memberships, etc.
- Expenses for spouses and family members including meals, travel, tickets to school sponsored events, etc.
- Dues for personal or business memberships in wholesale clubs, vendor programs, etc. (i.e., Sam's Club and Amazon), other than the approved corporate memberships maintained by the Purchasing Department
- University parking fees and permits for faculty, staff, or administrators for personal use
- Fines and penalties (i.e., traffic tickets, parking fines and returned check charges)
- Other personal expenses such as fees for personal credit cards, personal phone calls, personal use of photocopy machines, and supplies for home or personal use
- Alcohol (except at official University functions such as the Holiday Reception)

The University intends for this policy to have broad application in order to limit the use of institutional funds and resources for valid business purposes. This policy is intended to be neither all-inclusive nor to address every situation that may arise. The Associate Vice President for Business and Finance and Comptroller or their designee may authorize exceptions to this policy in writing. Employees who disregard this policy will be personally liable to reimburse the University for unauthorized use of University funds and subject to disciplinary action.

UNIVERSITY OF THE INCARNATE WORD

SECTION 3: TRAVEL AND ENTERTAINMENT POLICY

Effective Date: August 1, 2022
Contact: Accounts Payable Manager

3.0 Introduction

This policy is applicable to all employees and students who incur travel or entertainment expenditures on behalf of the University of Incarnate Word (UIW), St. Anthony Catholic High School, Incarnate Word Education Foundation, UIW International, Texas Institute for Graduate Medical Education and Research, and all other entities which are managed by the University (collectively referred to as the University).

The policy was created to provide guidance to University personnel and students on the appropriate procedures to follow when incurring necessary expenses related to travel and entertainment on behalf of the University. Where donor, sponsor, agency, or grant restrictions or other regulations are more restrictive than those stipulated in the prescribed policy, the more restrictive terms will apply. Employees and students should be good stewards of University funds and must travel by the most economical means possible. The processes and procedures outlined are intended to support an effective, adequately controlled environment for travel and entertainment expenses. Failure to adhere to the University's policies and procedures may result in repayment of expenses and disciplinary action up to and including termination.

Travel must be approved by a supervisor prior to any travel reservations being made to ensure the travel is properly authorized based on departmental needs. In addition, the supervisor should verify the department has sufficient budget available to cover the expected travel expenses.

3.1 Travel and Entertainment Policy – General

The University has established a cost-effective approach to travel and entertainment to help minimize costs while on University business. The University will pay reasonable expenses incurred by employees and students for travel, business meetings, or entertainment carried out on the University's behalf. The following policy includes guidance regarding transportation, accommodations, meals, and other travel-related expenses, as well as expenses related to entertainment. If the traveler has a University credit card/purchase card (P-card), the University issued card may be used to pay for all travel expenses which can be paid for electronically. See the University's Section 4: Credit Card/Purchase Card Policy for more additional information. If the employee or student does not have a University P-card or for transactions that cannot be paid electronically, expenses and all supporting receipts for out of pocket costs must be submitted for reimbursement via the electronic General Travel Expense Report and Expense Summary Form. Travel advances are generally not allowed but may be provided to travelers under special circumstances and with appropriate advance approval. In such instances, the electronic General Travel Expense Report and Expense Summary Form must be used.

If travelers receive a fee or expense reimbursement from other organizations, the amount received must be deposited in the budget line item where the expenses were incurred to offset the net cost to the University or be deducted from the total travel cost to determine the amount to be reimbursed by the University.

All reimbursable University-related travel and entertainment expenses are governed by the following rules:

- The expense must be considered an allowable University business expense.
- The expense must be substantiated by detailed receipts or other supporting documentation as deemed necessary.
- P-card expense receipts must be submitted in the P-card portal within five (5) days after the statement closing date and must be approved by someone with the appropriate level of authority.
- Out of pocket expenses must be submitted via an General Travel Expense Report and Expense Summary Form within ten (10) business days after returning from travel and must be approved by someone with the appropriate level of authority before being submitted electronically to Accounts Payable for processing.
- No reimbursements will be made if there are any previous outstanding travel settlements.
- Travel and entertainment reimbursements are limited to funds available in the department's budget.
- Reimbursements are made only for the valid business expenses of the authorized University employee, student or guest working on behalf of the University. If other individuals accompany the University traveler, expenses for the traveler will only be allowed for his or her share of the expenses.

Both employees and managers are responsible for understanding the University's Travel and Entertainment Policy, ensuring expenses are incurred and reported in accordance with the guidelines, and verifying all expenses are properly supported. If travel and entertainment expenses are identified that do not have a University business purpose, are unreasonable in nature, or are not substantiated by appropriate support, the traveler will be liable for the expense and it will not be reimbursed by the University. Furthermore, employees will be required to reimburse the University immediately for any unallowable expenses charged to a University P-card. See the University's Section 4: Credit Card/Purchase Card Policy - 4.6 Disallowed Transactions for additional information.

Designated supervisors or managers with the University are responsible for diligently reviewing all P-card transactions and expense reimbursements that should be handled in accordance with the University's Section 3: Travel and Entertainment Policy.

For athletic team travel, the Athletics Department must also follow the Intercollegiate Athletics Travel Guidelines.

For international travel, including study abroad, refer to the UIW International Travel Policy.

3.2 Actions Required Upon Return from Travel

Traveler

The traveler must upload receipts to the P-card portal and assign a proper account number and business purpose for all travel expenses charged on his or her University P-card within five (5) days of the statement closing date. The General Travel Expense Report and Expense Summary Form must also be completed for any out-of-pocket expenses and submitted to Accounts Payable with proper supporting documentation and supervisor approval. If the traveler was traveling for an educational or professional seminar, the traveler is required to submit a copy of the agenda along with receipts.

Supervisor

Completed P-card transactions and expense reports will be routed electronically to the appropriate supervisor for review and approval. It is the supervisor's responsibility to diligently review each expense incurred, verify the expenses are handled in accordance with the University's Section 3: Travel and Entertainment Policy, and verify the submitted receipt supports the expense amount. If any expense is not recorded correctly or if all support is not included, the supervisor is responsible for following up with the traveler to obtain any missing support. Upon completion of the review, the supervisor will approve the P-card expenses electronically through the P-card portal and will sign off on the General Travel Expense Report and Expense Summary Form, if applicable, before sending it electronically to Accounts Payable to process.

3.3 Travel Arrangements and Expenses

Airline Reservations

The University prefers travelers purchase airfare through the contracted travel agency Travel Agency Contact Information. Any exceptions to this policy must be approved by the supervisor and respective Vice President. The following information must be provided to the travel agency when requesting a flight:

- Destination
- Dates of travel
- Business purpose of travel
- Budget account to charge for travel expenses
- Supervisor approval required via email

The travel agency will assist in identifying flight options and booking the option selected by the traveler. The travel agency will also assist in making reservations for groups or teams traveling together. Reservations made by the travel agency will be paid with the University's centralized travel card managed by the Purchasing Department and charged to the applicable department's budget. Purchase orders are not required for airfare. However, travelers and budget managers must respond to the travel agency via email indicating approval of the itinerary and cost and availability of funds before the travel agency books the flights. Airfare costs are subject to change after quotes are provided but before approval and booking occurs. When approvals are provided after 5:00 p.m. on a business day, the travel agency will book the flights on the next business day. Airfare cannot be charged on a University P-card or paid personally by the traveler and reimbursed. Airfare should be booked at the time the decision to travel is made with as much advance notice as possible to minimize costs. Travelers are responsible for reviewing the travel confirmation provided by the travel agency upon receipt to verify all information such as names, dates of travel, locations, etc. is correct. The travel agency must be notified of any discrepancies immediately.

Carrier Selection

When traveling on behalf of the University, Southwest Airlines is the preferred airline. Other airlines may be used if Southwest does not fly to the specific destination needed by the traveler, or the traveler or travel agency can prove that the full fare plus all fees (including baggage fees) is within $100 of the Southwest Airlines' rate. The University may exclude certain airlines from being approved carriers at its discretion. If an airline other than Southwest is chosen because the rate is lower, both the Southwest rate and the rate of the airline chosen must be included with the airfare support. If an airline other than Southwest is chosen for any other reason, the reason must be documented when the airfare expense is submitted. The traveler must select flights to and returning from destinations that are safe, cost-effective, and efficient.

Carrier Seating

Travelers must select the least expensive available coach or economy fare that is consistent with scheduling needs and University policy. However, the University does not allow the basic economy fares offered by certain airlines which have significant restrictions. The University will not pay for business class or first-class upgrades, or upgrades related to additional leg room or exit row seating on individual flights shorter than four hours in duration. If the department has sufficient budget funds and the traveler has obtained proper advance approval, upgrades for additional leg room, exit row seating or business class may be booked for international flights outside of the United States if an individual flight is more than four hours long. The University will not pay for first class tickets under any circumstances.

Frequent Flyer Program

Travelers may enroll in frequent flyer rewards for airline travel which can be used for personal travel. The cost of such programs is not reimbursable by the University. Travelers should not request flights on a specific carrier solely for the purpose of accumulating miles or obtaining more rewards. The University will not pay for airline club memberships.

Changes in Itinerary

There are situations which may require a traveler to change the itinerary due to personal reasons, bad weather or business needs. The traveler is responsible for additional expenses incurred due to personal reasons. Changes in the itinerary for business reasons must be documented and approved by the supervisor.

Baggage Fees

The University will pay baggage fees for one checked bag for domestic flights and two bags on international flights, except when an airline allows free checked bags. The University will only cover additional baggage fees if extra baggage is required to transport University materials and the fees are appropriately documented.

Unused Airline Tickets

If an employee or student is unable to travel after an airline ticket has been purchased, the traveler must contact the travel agency with the confirmation number and other flight information so the unused tickets can be tracked. If the employee or student intends to travel for business purposes within 12 months from the date the original ticket was booked, the funds from the unused ticket should be applied to the future travel, if possible. If additional travel is not expected, the travel agency should attempt to recover any funds from the unused ticket or apply the funds to a ticket for another employee.

Registration Fees

The University understands attendance at conferences, seminars, training sessions, etc. by employees and students can be very beneficial to the University as new ideas and information are brought back to improve various aspects of the University's operations. Registration fees should be approved by the supervisor in advance. Once approved, the registration fees should be charged to a University P-card. If the employee or department does not have a University issued P-card, registration fees can be processed by submitting a check requisition to Accounts Payable to pay the vendor directly. The agenda for the conference or training session must be included along with the registration fee receipt as support for the expense. Employees that use their own funds to pay for registration fees will be reimbursed after the conference/seminar/training session has completed.

Lodging

For travel requiring lodging, the traveler should select a moderately priced hotel and a single occupancy standard room type. If the hotel is within the state of Texas, the University's [Texas Hotel Occupancy Tax Exemption Certificate] should be presented so state taxes are not charged for the room. The University is not exempt from local taxes. The traveler should be aware of the hotel's cancellation policy and make every effort to cancel a reservation, if necessary, within the timeframe specified in the reservation. Hotels may be booked through the contracted travel agency to facilitate travel arrangements and take advantage of any corporate discounts. In addition, the University has direct bill arrangements and discounted rates with certain local hotels. The listing maintained by Accounts Payable and is available upon request. If pre-paid rooms are reserved to take advantage of lower rates, the traveler should only book rates which are refundable. Non-refundable room reservations are not allowed.

Expenses other than lodging expenses which may appear on the hotel bill such as meals and parking should be broken out separately when submitted. Detailed receipts for meals charged to the room must be included as support. The traveler is responsible for paying for any personal charges such as room upgrades, pay per view movies, sundries, spa services, unallowable meals, etc.

Meals

Business Meals during Travel

When an employee or student is away from home traveling on University business, meals are allowed. Travelers may choose to use the actual costs of the meals incurred, within a reasonable amount, or to receive a per diem of $50 per day. The same method for business meals during travel must be selected for the duration of the trip. Although the University is tax exempt, taxes included on receipts for meals purchased at restaurants will be allowed.

Per Diem Method

If the traveler chooses the per diem method for meals, the employee will receive $50 per day for each day of travel. The per diem must be requested on an General Travel Expense Report and Expense Summary Form once the traveler has returned. Receipts are not required to be submitted with the Expense Reimbursement Form to receive the per diem; however, support showing the number of days the individual traveled on university business should be included (i.e., conference agenda).

If the traveler selects the per diem method but hosts a business meal with others, the traveler is allowed to charge the actual cost of the group meal based in accordance with the actual expense method noted below.

Actual Expense Method

If the traveler chooses the actual expense method for meals, all meals should be charged to a University P-card when possible. Snacks and alcohol are not allowed. Excessive or extravagant meal expenses may be considered personal expenses and may be required to be reimbursed by the employee. If meals are included as part of an event (i.e., breakfast or lunch during a conference), the employee should make every effort to take advantage of the meals provided, since the cost of the meals is included in the registration fee.

For P-card charges, itemized meal receipts are required for all meal expenses. The names of participants, companies and/or business relationships of participants, meal type (i.e., breakfast, lunch, or dinner) and business purpose of the meal expense must also be included with the receipt. For actual meals paid from personal funds, all itemized meal receipts must be submitted with an General Travel Expense Report and Expense Summary Form regardless of dollar amount if the per diem method is not selected.

Catering/Refreshments for On-Campus Business Meals

The University allows payments for reasonable and necessary business meal expenses for meetings and other activities. Meals involving University personnel are allowed under certain circumstances. The frequency of such meetings and the related expenses must be reasonable and appropriate given the purpose of the discussion and the nature of the business conducted by the schools or departments. See the University's Section 2: Guidelines for University Sponsored Gifts and Events 2.3 Meals for additional information.

For school-sponsored meals on school premises, the contracted food service vendor has the right of first refusal for catering. Catering is further defined as any food service totaling $250 or more per event, including delivery as well as meals where a server is provided. Charges for a meal or event cannot be split to bypass the $250 threshold. The contracted food service provider must be given sufficient time (at least five business days) to provide a bid, and their bid should not be shared with other vendors to solicit lower bids. Additional bids from outside vendors are not required when using the contracted food service provider.

Alcohol

Alcohol-related charges for travel and entertainment for University business are not allowed. All alcohol charges are deemed personal and are the financial responsibility of the employee. However, alcohol may be allowed for certain school-sponsored events on a case-by-case basis. Alcohol for approved events must be purchased from the caterer and served by a Texas Alcohol and Beverage Commission (TABC) licensed bartender.

Tips

Reasonable tips, generally not to exceed 20%, are allowed on business meals.

Required Documentation for Meals

For all meal expenses per transaction, travelers are required to obtain and submit the detailed or itemized receipt provided by the restaurant as well as the credit card receipt which includes the tip added in. For business meals, certain information required by the Internal Revenue Service (IRS) must also be included with the support as follows:

- The itemized detail showing the total amount of the expense
- The date and location for the expense
- The names, titles, and companies of the attendees
- The specific business purpose of the expense

Ground Transportation

See the University's Section 5: Vehicle Services Policy for additional information.

University Fleet Vehicles

If an employee is required to drive to various locations both within San Antonio as well as outside San Antonio to conduct University business, the employee should consider checking out a University fleet vehicle from the Vehicle Services Department by completing the [Vehicle Request Form]. University vehicles must be returned with a full tank of gas. If the driver has a corporate credit card/P-card, the driver should use the P-card to refuel a University vehicle or rental car before returning it and charge the fuel expense to his or her department. Such fuel receipts should be submitted with the monthly P-card reconciliation. If the driver does not have a P-card, a fleet P-card will be issued by Vehicle Services with the fleet vehicle. The driver must retain all fuel receipts for the fleet P-card and provide them to Vehicle Services when returning the vehicle. The assigned vehicle number, if applicable, and department account number to charge must be included with all fuel receipts. Fuel for cars, trucks and 12-passenger vans will be charged directly to the driver's department.

In addition, charter vehicles such as shuttles or buses can be arranged through the Vehicle Services Department for transportation of large groups. In such instances, drivers may be provided by Vehicles Services. The department will be charged based on a per mile rate to cover fuel and other operational costs.

University Vehicle Charges

Departments will be charged for the use of fleet vehicles based on mileage to cover operating costs such as maintenance and insurance. See the [Mileage Rate Sheet] for current mileage rates for the various types of vehicles.

Rental Cars

If a rental car is deemed necessary when traveling, Enterprise/National is the preferred rental car agency and has provided a corporate discount to the University. All rental cars needed in conjunction with air travel must be booked through the contracted travel agency. The traveler's P-Card should be used to reserve the rental car portion only for the reservation. Air Travel will be paid with the University's centralized travel card managed by the Purchasing Department and charged to the applicable department's budget. For ground transportation only, rental cars must be arranged and approved by Vehicle Services. If the traveler is traveling alone or with one other person, he or she should select a mid-sized (intermediate) or smaller vehicle. If three or more individuals are traveling together, a larger vehicle capable of comfortably seating all travelers and fitting all luggage should be reserved. Employees should waive any additional insurance coverage and should refuel all rental cars prior to returning the vehicles using the traveler's P-card or travel reimbursement. Additional insurance coverage, prepaid fuel options and navigation systems will not be covered by the University.

Employees should inspect all rental vehicles for scratches, dents and any other vehicle issues and notify the rental car agent before the vehicle is driven off the lot to reduce the potential cost of any unfounded damage claims.

Personal Vehicles

If an employee uses his or her personal vehicle for University business, the University will reimburse the employee for mileage incurred in excess of the normal commute to and from the employee's work location at the mileage rate set by the IRS. An employee's work location for purposes of defining commuting miles may include multiple locations on or off the University's premises as defined by the employee's supervisor. Since the standard mileage rate includes an allowance for fuel, separate fuel charges will not be paid by the

University. The Mileage Expense Reimbursement Form should be completed with the support for the distance traveled from MapQuest or Google Maps with the destination address should be included to substantiate the mileage to be reimbursed. Mileage is not allowed when fleet vehicles or rental cars are used.

Mileage incurred as part of a normal commute (i.e., traveling to the airport or to a job location) cannot be submitted for reimbursement. If situations arise requiring employees to be at other locations, the additional mileage over and above the normal commute is reimbursable. If mileage incurred to perform job duties is excessive, a University fleet vehicle should be considered for local travel.

Ground Transportation

If a rental car is not a necessity, the employee can opt to take a taxi, ride share service (i.e., Uber or Lyft) or shuttle to go from one location to another while traveling out of town. Actual expenses incurred, including a reasonable tip not to exceed 20%, will be allowed with proper supporting documentation. Chauffeured services will not be paid by the University.

Parking and Tolls

Airport parking for air travel is allowable as long as the parking fees are reasonable. Travelers should make an effort to park in the less expensive long-term parking garages or offsite parking lots rather than in the short-term parking garage. Costs for a taxi or ride share to and from the airport in lieu of parking are also allowable. While traveling out of town, expenses for parking in garages, at hotels, or at meters are all allowable. Local parking charges incurred when conducting University business are allowable. Parking decals or charges for parking on University premises for employees and students, as well as parking or traffic fines, are considered a personal expense and are not allowed.

Toll charges incurred for business travel are allowable. For toll charges paid by an employee requesting reimbursement, the detailed toll receipts must be submitted. Tolls charged to a P-card by a rental car agency for business travel must be reasonable and necessary but are not required to be supported by receipts.

3.4 Miscellaneous Expenses

Grant Related Travel

When travel costs are charged to a grant or sponsored project, terms of the contract or grant award will take precedence if they are more stringent than the University's Travel and Entertainment Policy. The project director is responsible for monitoring compliance with the contract or grant. Furthermore, grantors may allow different per diem rates than University approved rates. All federal regulations, such as the Fly America Act, must be followed as well.

Foreign Travel Expenses

Certain additional expenses are allowed for foreign business travel. Required visas for entering certain countries are allowable. However, the University will not pay for the cost of a passport. In addition, the University participates in an international medical and security assistance program. Trip cancellation insurance may also be required by the University and should be purchased through the contracted travel agency. Employees and students may be required to pay for trip cancellation insurance elected on a voluntary basis. For additional information on international travel, including faculty-led study abroad, refer to the UIW International Travel Policy. Furthermore, international travel insurance coverage may be provided by the University for international business trips of 30 days or more as deemed necessary.

When submitting receipts in foreign currencies, an exchange rate should be included as well as equivalent U.S. dollar amounts for each receipt submitted for reimbursement. For travel reimbursements, the traveler should use the exchange rate from the last day of travel and provide supporting documentation for the calculations. Exchange rate support is not required for foreign currency charges on a University P-card since the bank converts the charges to U.S. Dollars based on their daily exchange rate.

Travel Insurance

The University maintains workers' compensation insurance for employees injured while conducting business, including during domestic and international travel. Limited travel insurance coverage is provided through the P-card vendor (i.e., lost luggage, accident, fraud protection, etc.).

Guest Travel

If an employee wishes to include his or her spouse, significant other, friend or family member on a business trip, the employee is responsible for any extra expenses incurred on behalf of the guest. Such guest travel should not interfere with the business purpose of the trip. If an employee decides to extend the dates of business travel to include vacation time, a vacation leave slip must be submitted and approved by the supervisor in advance. The cost of the airfare should not exceed what the cost would have been to travel only for the business purpose. Additional days for hotel, rental car, meals, etc. during the vacation time are considered the personal responsibility of the employee.

Student Travel

Student travel covered with University funds for business purposes should follow the normal travel policies and procedures.

Trip Changes and Cancellations

When a trip is cancelled after a reservation has been made, it is the employee's responsibility to cancel the flight, hotel, rental car, and any other reservations pertaining to the cancelled trip. If reservations were originally made through the University's contracted travel agency, the employee should work with the travel agency to cancel the reservations as soon as the employee is aware of the cancellation. If a reservation were not made through the University's travel agency, the employee should work directly with the applicable third parties to cancel the reservations as soon as possible. The traveler may be responsible for all expenses incurred if the appropriate steps to cancel the trip are not taken timely.
If a traveler cancels a trip or portion of a trip for personal reasons without notifying the University, the traveler is responsible for all expenses incurred which cannot be refunded. The University will pay for additional expenses incurred due to cancellations or changes for business purposes or bad weather.

Termination Prior to Travel

If an employee is terminated prior to a scheduled business trip on behalf of the University, the terminated employee is responsible for notifying his or her supervisor and Human Resources of the pending travel. The University may withhold the monetary value of non-transferrable or non-refundable travel costs from the employee's final paycheck.

Unallowable Expenses

Personal expenses that are incurred that do not have a business purpose and are not necessary are not valid University business expenses and will not be paid by the University. Such personal expenses include, but are not limited to, the following: movies, pay per view, alcoholic beverages, reading material, minibar purchases, cigarettes, personal phone calls, TSA pre-check, Global Entry, passport services, laundry services, babysitting, clothing, luggage, toiletries, fines, hair and spa services, shoeshines, non-business postage, baggage insurance, personal accident insurance, pet care, medications, and souvenirs. In addition, any damage incurred related to lodging or rental cars due to employee or student negligence will not be covered by the University.

3.5 Entertainment

The University allows employees to entertain on behalf of the University. Entertainment expenses should not be lavish or extravagant and should only be incurred for ordinary and necessary business expenses. Documentation of the entertainment must include the names of the individuals that attended the event, relationship to the University, date, and business purpose.

SECTION 4: CREDIT CARD/PURCHASE CARD POLICY

Effective Date: December 8, 2023
Contact: Travel and Expense Administrator

4.0 Introduction

This policy is applicable to all of the employees who currently use corporate credit cards/purchase cards (P-cards) to purchase materials or services on behalf of the University of the Incarnate Word (UIW), St. Anthony Catholic High School, Incarnate Word Education Foundation, UIW International, Texas Institute for Graduate Medical Education and Research, and all other entities managed by the University (collectively referred to as the University).

The policy has been created to provide guidance to University personnel on the appropriate usage of P-cards, including management of expenditures within budget constraints and departmental needs and monitoring P-card transactions for authorized business expenses. Failure to adhere to the University's policies and procedures may result in disciplinary action up to and including termination.

This policy provides various guidelines to ensure that University personnel are conducting and approving appropriate transactions in accordance with University operations. The policies and procedures outlined are intended to support an effective, adequately controlled, and safeguarded P-card program.

4.1 P-card Program Contact Information

The P-card program is managed by the Travel and Expense Administrator in the Accounts Payable Office. Any questions can be submitted via email to uiwcc@uiwtx.edu.

4.2 P-card Program – General

The P-card program is designed to facilitate small ($1,000 or less) or frequent University-related purchases into a single billing and disbursement process, which will increase efficiency and reduce paper handling at both operating and administrative levels. The program is designed to offer a low cost and more efficient alternative for the purchase of miscellaneous goods and services which do not require a purchase order (PO) and/or contract. The P-card operates in a manner similar to a personal credit card and will enable cardholders to purchase goods and services directly from vendors on behalf of the University. Purchases can be completed in person, online, or over the phone, and receipts should be obtained for all purchases as support. If an employee is issued a P-card, he or she must charge any allowable University-related expenses to the P-card and go through the P-card process rather than using personal funds and requesting an advance or reimbursement. Any all purchases to be shipped, must ship to a 4301 Broadway San Antonio, TX 78209.

The P-card program is not intended to avoid or bypass compliance with the University's Section 1: Procurement and Bid Policy and Section 3: Travel and Entertainment Policy or any other University policies in place. Furthermore, the P-card program does not allow cardholders to charge personal expenses on the University P-cards. The cardholder will be required to reimburse the University for any personal, unallowable, questionable, or unsubstantiated expenses charged to the P-card. If these types of unallowable expenses are identified, the cardholder will be notified of the charge via e-mail and provided a deadline to reimburse the University for the expense. If the reimbursement is not received timely, the cardholder authorizes the University, by acknowledgement of this policy, to payroll deduct as necessary to recoup such funds. Recurring noncompliance with University policies can result in permanent cancellation of the P-card, and the cardholder may be subject to disciplinary action up to and including termination.

4.3 Issuance of P-cards

P-card Eligibility

P-cards may be issued to the President, Vice Presidents, Deans, Directors, and other budget managers of the University. Upon request from the supervisor, the University can also provide P-cards to other employees with a business need such as frequent travel on behalf of the University.

Applying for a P-card

An eligible employee can request a P-card from his or her supervisor. If the supervisor determines the employee has a legitimate business need for a P-card, the supervisor should submit the approved request via the P-card Request Form to the P-card email account at uiwcc@uiwtx.edu. The Request Form for a P-card includes the employee's name, school ID number, email, home department, budget manager for approval purposes, and requested credit limit, and approver for expense reports. University P-cards have no effect on the cardholder's personal credit history. The P-card Administrator will maintain the P-card Request Forms for seven years.

Issuance of Cards

Once the card has been issued by the P-card vendor, the cardholder will be notified to coordinate how to obtain the P-card. The cardholder will be provided the P-card policy to review and is required to attend training and sign the P-Card Cardholder Agreement prior to receiving the P-card. Cardholders are responsible for activating their cards, selecting a personal identification number (PIN). The P-card Administrator will create an online profile on the P-card platform for each P-card holder. Additionally, the University will provide refresher training to all P-card holders as needed to ensure continued compliance.

Each cardholder is only allowed one P-card. A University employee should not have more than one P-card, even if the cardholder makes purchases on behalf of different departments or budgets. In that case, transactions should be charged to the appropriate budgets at the time of reconciliation. For departments that have more than one individual that may need to use a P-card, a departmental P-card can be issued instead of a P-card assigned to an individual employee. However, the budget manager will be the assigned cardholder and will ultimately be responsible for oversight and compliance for P-card activity.

4.4 Responsibilities

Cardholder Responsibilities

Once a P-card is issued, the card becomes the responsibility of the cardholder. The P-card should only be used for qualified University purchases when sufficient funds are available in the budget to cover the transactions. The cardholder, or authorized employees for a departmental P-card, are the only persons authorized to use the P-card. The P-card should always be safeguarded to minimize the potential of any fraudulent activity related to the card. If the card is lost or stolen, the cardholder should immediately report the lost or stolen card to the P-card vendor at 1-888-449-2273.

The cardholder is allowed to purchase goods and services on behalf of the University as outlined below. Before paying with the P-card, the cardholder should present any applicable University tax-exempt certificate. The University is exempt from Texas sales and state hotel tax. See the Sales Tax Certificate and Hotel Tax Exemption Certificate located on the Accounts Payable webpage. Business card sized exemption certificates may also be ordered from the Print Shop. If tax is included in the transaction, the cardholder should ask for the tax to be removed prior to paying with the P-card. For each transaction, the cardholder is required to upload the receipt and any other supporting documentation to the P-card portal, provide a clear business purpose and assign an appropriate account number within five business days of the statement date. Failure to submit the P-card expense report within 15 days of the due date may result in the cardholder's P-card being suspended until all necessary documentation has been submitted. The cardholder must ensure that all scanned support is legible so that the vendor, date, amount, etc. can be easily identified. A detailed explanation describing the items purchased and efforts to obtain a copy of the receipt must be included for any missing receipts. Once transactions are submitted, they will be routed for approval.

Personal expenses are not allowed to be charged to a P-card. If a supervisor notes any personal or questionable expenses charged to the P-card and after communication with the cardholder determines the expenses are not allowed, the cardholder is required to reimburse the University. Reimbursements should be done through the Business Office. Furthermore, expenditures with missing receipts or any sales tax paid for exempt transactions may be considered the personal responsibility of the cardholder and may require reimbursement. Noncompliance with the P-card policy may result in suspension or cancellation of the employee's P-card as well as other disciplinary action up to and including termination.

Supervisor Responsibilities

Supervisors are responsible for approving P-card requests for cardholders within their departments. Additionally, the supervisor of the cardholder is required to attend training sessions and sign the P-card Program Supervisor Agreement indicating that he or she will perform proper due diligence for all transactions to ensure the cardholder is adhering to the University's P-card policy.

Once a cardholder has uploaded receipts, provided a clear business purpose, and assigned an account number to each transaction on the monthly statement, the completed P-card expense report will be routed to the supervisor for approval before it is submitted for posting. An e-mail notification will be sent to the supervisor letting him or her know an expense report has been submitted for approval. The supervisor is ultimately responsible for reviewing all P-card transactions to ensure the following:

- The charges are appropriate business expenses and made in accordance with the University's P-card policy.
- There are no charges that are for personal use or fraudulent use.

- The charges are properly documented based on the receipt or support attached. The receipts and other supporting documentation should be reviewed, and the supervisor should determine that the vendor, date amount and other information are legible. Receipts should be attached for all charges in their entirety.
- The charges do not include taxes from which the University is exempt. Although the University is tax exempt, taxes included on receipts for meals purchased at restaurants will be allowed.
- The charges have been assigned an appropriate account number.
- A detailed explanation is included to describe the efforts made to obtain a copy of the missing receipt as well as the items purchased for any transactions for which a receipt could not be obtained.

After submission, the supervisor has five business days to review and approve the P-card expense reports so the charges can be recorded in the general ledger in a timely manner. If any issues are identified during the review process, the transaction(s) should be routed back to the cardholder with an adequate explanation of what needs to be corrected. When the transaction is sent back to the supervisor after necessary corrections are made, it should be carefully reviewed to verify the issues previously noted have been corrected before the expense report is approved. Supervisors may be subject to disciplinary action up to and including termination if they do not adhere to their obligations regarding the proper review and approval of P-card transactions.

P-card Program Administrator Responsibilities

The Travel and Expense Administrator serves as the P-card program administrator and manages the P-card program which includes reporting, analysis, maintenance, compliance, and training. The P-card program administrator also serves as the liaison between the University and the P-card vendor. Monthly P-card activity will be posted to account 6863 (P-card Clearing) in the home organization for the cardholder within five business days of the P-card statement date to reflect expenses in the general ledger on a timely basis. Once the monthly P-card expense report is submitted and approved, the P-card activity will be recorded in the appropriate accounts and account 6863 will be credited.

4.5 Allowable P-card Purchases

Purchases

All purchases on account greater than $1,000 should follow the University's Section 1: Procurement and Bid Policy - 1.2 Procurement of Goods and Services, while travel expenses should follow the University's Section 3: Travel and Entertainment Policy. For purchases not on account that may be over $1,000, such as conference registrations, hotels, online subscriptions, e-learning materials, etc., the P-cards may be used.

The P-card program is designed to allow employees to quickly and efficiently purchase goods and services which do not require a purchase order, master service agreement (MSA) or contract. It is also designed to allow employees who travel to be able to pay for travel expenses as they are incurred. Cardholders are responsible for exercising prudent judgment when expending University funds.

Office Supplies

The University utilizes a preferred office supply vendor and receives advantageous pricing based upon the frequency and volume of use. For office supplies less than $1,000, departments should order office supplies through the preferred vendor's online portal and provide a P-card number for the charges. Purchase orders should continue to be processed for office supplies totaling $1,000 or more. Bottled water, sodas, and snacks for office personnel and/or breakrooms are considered personal expenses and should not be purchased with a P-card.

Technology Accessories

If the cardholder is currently receiving a cell phone allowance, the cardholder is not authorized to charge any incidental cell phone accessories (i.e., cases, screen protectors or chargers) on the P-card as the allowance is meant to offset the business portion of the cost of the phone, service, and accessories. Necessary accessories for other technology equipment such as iPad or laptops are allowed.

Travel and Entertainment

P-cards may be used to charge hotel, meals, car rentals, ground transportation and other incidental travel expenses that are not paid through other payment methods such as direct bill accounts. The cardholder is responsible for presenting a tax exemption certificate when traveling to receive applicable tax exemptions for purchases made. All receipts should be uploaded to the expense report on the P-card portal. For more detailed information related to travel expenses, please refer to the University's Section 3: Travel and Entertainment Policy for additional information.

Entertainment expenses may be charged to P-cards if the event is substantially related to the business of the University. The business purpose of the expenditure and names of individuals attending the event should be included with the support uploaded to the P-card portal. The documentation can include a phrase stating who was present, their relationship to the University, and the purpose of the event. General descriptions such as "business lunch" or "recruiting" are not sufficient. A more detailed description such as "lunch with Jane Doe, candidate for Director" or "recruiting – college fair at ABC High School" should be provided. Please refer to the University's Section 3: Travel and Entertainment Policy - 3.5 Entertainment for additional information.

Catering/Refreshments for On-Campus Business Meals

The University allows payments for reasonable and necessary business meal expenses for meetings and other activities. Meals involving University personnel are allowed under certain circumstances. The frequency of such meetings and the related expenses must be reasonable and appropriate given the purpose of the discussion and the nature of the business conducted by the schools or departments. Please refer to the University's Section 2: Guidelines for University Sponsored Gifts and Events 2.3 Meals for additional information.

For school-sponsored meals on school premises, the contracted food service vendor has the right of first refusal for catering. Catering is further defined as any food service totaling $250 or more per event (not per meal if multiple meals are provided during a single event), including delivery as well as meals where a server is provided. Charges for a meal or event cannot be split to bypass the $250 threshold. The contracted food service provider must be given sufficient time (at least five business days) to provide a bid, and their bid should not be shared with other vendors to solicit lower bids. Additional bids from outside vendors are not required when using the contracted food service provider. P-cards should be used to pay for catering services or business meals in the cafeteria if the total is less than $1,000. Any catering expenses of $1,000 or more should be processed using a purchase order. Please refer to the University's Section 3: Travel and Entertainment Policy for additional information.

Automobile Expenses

Gasoline purchases and expenses to maintain personal automobiles should not be charged to the University. Business related mileage for use of personal automobiles is reimbursed by the University at the mileage rate established by the Internal Revenue Service (IRS) upon submission of the General Travel Expense Report and Expense Summary Form or the Mileage Reimbursement Form. University vehicles must be returned with a full tank of gas. If the driver has a corporate credit card/P-card, the driver should use the P-card to refuel a University vehicle or rental car before returning it and charge the fuel expense to his or her department. Such fuel receipts should be submitted with the monthly P-card reconciliation. If the driver does not have a P-card, a fleet P-card will be issued by Vehicle Services with the fleet vehicle. The driver should retain all fuel receipts for the fleet P-card and provide them to Vehicle Services when returning the vehicle. The assigned vehicle number, if applicable, and department account number to charge should be included with all fuel receipts. Other automobile expenses for University fleet vehicles such as oil changes, maintenance and repairs are managed by the Vehicle Services Department.

Other Purchases

Other allowable, routine purchases can include, but are not limited to, professional dues, periodical subscriptions, books, promotional items and educational or professional seminars.

4.6 Disallowed Transactions

There are certain transactions that are expressly prohibited from being purchased with P-cards. Prior to making a purchase, cardholders should ensure that proposed purchases are not prohibited, including the transactions noted below. Cardholders cannot use the P-card for transactions requiring a purchase order. Please refer to the University's Section 1: Procurement and Bid Policy for additional information. Other disallowed transactions include the following:

Furniture and Small Equipment

Cardholders cannot purchase furniture or small equipment, including any items requiring an electrical connection, with a P-card. The University strives to maintain a consistent quality and appearance for furnishings throughout the facilities. In addition, only qualified technicians are authorized to assemble furniture and equipment. Therefore, furniture or small equipment requests must be submitted in advance and will be managed by the Purchasing Department.

Technology Equipment and Software

Purchases of technology equipment or software should not be charged to P-cards by departments. Technology equipment includes, but is not limited to, computers, printers, projectors, cameras, and iPads. Technology equipment and software purchases should be requested through the Digital Infrastructure and User Services Department in accordance with appropriate policies.

Membership Club Purchases

The University currently has a single membership to purchase items in bulk from Sam's Club. All departments are allowed to use the membership to purchase items from Sam's Club on behalf of the

University. However, all purchases must be made using a purchase order, including purchases less than $1,000. Departments are encouraged to use blanket purchase orders for Sam's Club when applicable. Please refer to the University's Section 1: Procurement and Bid Policy - 1.2 Procurement of Goods and Services for additional information.

Cash Advances

Cash advances are not allowed on the P-cards. In addition, cardholders are not authorized to obtain petty cash advances/reimbursements or travel advances since the P-card should be used for all allowable purchases.

Online Purchases

The University maintains online accounts with Amazon Business (purchase order only) and Heights Office Products (p-card eligible or purchase order) to obtain special pricing and tax-exempt status. Departments should contact Purchasing to obtain access to these accounts. In addition, as online purchasing is becoming more prevalent, the University allows departments to order other items online. Online purchases less than $1,000 should be purchased with a University credit card/P-card. Online purchases of $1,000 or more should follow the purchase requisition process. Once the requisition has been approved and a purchase order is generated, the requestor can then place the order online if the vendor will directly bill the University for these purchases. An online receipt is printed that shows the items ordered and the total price of the purchase which should agree to the purchase order. The online receipt is then attached to the purchase order in Banner.

4.7 Administrative Items

Purchase Card Limit Increases

Each cardholder has an approved monthly limit that is unique based on his or her anticipated purchases. If a cardholder anticipates a purchase that is above his or her respective limit, the cardholder's supervisor can request a temporary increase by completing and emailing the P-card Request Form to the P-card Program Administrator. In addition, as departmental needs change, a permanent limit increase or decrease can also be requested by the budget manager using the P-card Request Form.

Declined Transactions

Transactions may be declined due to exceeding the monthly card limit, an invalid PIN or suspected fraud. A transaction may also be declined if the cardholder attempts to make a purchase from a blocked vendor or merchant code category. Other reasons a transaction may be declined include the magnetic strip not being read properly or incorrect information (account number, expiration date or security code number) being entered. If a cardholder tries to make an appropriate purchase that is declined, the cardholder should call the number noted on the back of the card for further information.

Fraudulent Transactions

If a cardholder identifies fraudulent transactions on his or her P-card, the cardholder is responsible for reporting the fraudulent activity to the P-card vendor as soon as the activity is identified and providing any requested information to resolve the issue. The P-card vendor will create a service ticket, cancel the compromised P-card, and issue a new one. The P-card program administrator should also be notified after the cardholder has contacted the P-card vendor. Fraudulent transaction must be identified within 30 days of the statement close to facilitate resolution of the issue. Cardholders could be held liable for all fraudulent transactions if identification and reporting of these items does not occur within 30 days of the statement close.

Expense Coding

Cardholders are responsible for assigning an appropriate account number to each transaction. Cardholders should only charge budgets for which they have authority. Account numbers should be assigned based on the nature of the expenditure, not availability in specific budget line items. Expenditures for the next fiscal year should be charged to the prepaid account number XXXXX – 1751, and the proper account to charge in the subsequent year should be included in the description for the transaction.

Document Retention

The cardholder is required to obtain and retain a receipt for all purchases made with the P-card. All receipts should be itemized, and the cardholder should ensure that all pages of the receipts are legible. The employee should ensure the amount, description, date, and location for each transaction are clearly identifiable on the receipt. Cardholders should retain hard copies of all receipts for 90 days as applicable. If the purchase is being made in conjunction with a grant, the documentation should be retained for a period of three years. If a cardholder is unable to locate a receipt, the cardholder should make every effort to request the receipt from the vendor. If the vendor is unable to provide a receipt, the cardholder may write a memo that includes the amount, description, date, location, attendees present and purpose of transaction. Memos must be approved by the supervisor and will be reviewed by the P-card program administrator. The P-card program administrator or budget manager may determine a memo is not sufficient based on the amount or nature of the expenditure. Therefore, any missing receipts may be considered the personal responsibility of the cardholder and may require reimbursement. Excessive missing receipts may result in disciplinary action as well as suspension or cancellation of the P-card.

Cardholder Reporting Requirements

On a monthly basis, the cardholder will receive an email notification that the monthly P-card statement is available. The cardholder is required to complete the P-card expense report by uploading receipts and other supporting documentation for each transaction to substantiate the purchases made, provide a clear business purpose, and assign appropriate account numbers. The cardholder is required to submit all receipts and the P-card expense report within ten business days of the statement date. Upon cardholder submission, the cardholder's supervisor will review and approve all transactions. For transactions related to federal or state grants, the Procurement and Bid Policy must be utilized first. P-card charges to federal/state grants should be limited to a minimum. The timely submission of P-Card expense reports for grant related expenditures (2XXXX-23XXX) is imperative and will ensure the accurate reporting and eligibility of grant funding. If an expense report is rejected by the cardholder's supervisor, the cardholders must promptly address the rejected expense report and resubmit once all comments have been addressed.

Payment

All P-cards are automatically drafted from the University's operating account. Cardholders are not responsible for monthly payments to the P-card vendor.

Credits

Merchants should issue any credits back to the original P-card used for the transaction. Cardholders should never accept cash in lieu of a credit to the P-card.

Disputes

Cardholders are responsible for resolving any statement discrepancies with vendors and/or the issuing bank to ensure corrections and/or credits are made on a timely basis. Disputes should be identified and explained during the monthly P-card reconciliation process.

Cancellation of P-cards

The University will monitor P-card usage. If a P-card has been inactive for more than six months, the P-card Program Administrator will inquire if there is still a business need for the P-card. If not, the P-card will be cancelled.

Violations

If a cardholder is suspected of abusing, misusing or being negligent with the P-card, the P-card may be suspended or cancelled, and the actions of the employee may be subject to disciplinary action up to and including termination.

The following are examples of abuse, misuse, and negligence related to P-cards:

- Intentionally splitting a purchase to circumvent policy limits
- Failing to maintain adequate receipts and other documentation to provide as support
- Using the University P-card for personal transactions
- Other breaches of policies and procedures as specified within the policy

Audits

The University has a process in place to perform audits of the P-card program and P-card transactions to ensure that cardholders are adhering to the P-card policy. The audits will be performed throughout the year, and all cardholders are required to fully cooperate with all audit requests. Audits may include requests for additional support or further clarification of expenses. Upon completion of an audit, any expenses subsequently deemed unallowable will require reimbursement from the cardholder.

Changes to P-cards

Cardholders are responsible for notifying the P-card program administrator of any changes such as name, home department, or the need for cancellation. If a temporary or permanent credit limit change is needed, the cardholder's supervisor can request the change from the P-card program administrator via the P-card Request Form.

Card Renewals

Prior to expiration, a new P-card will be sent to the P-card program administrator by the P-card vendor. The P-card program administrator will request that the cardholder schedule a time to pick up the card in person. This will ensure service is not interrupted.

Cardholder Termination

Prior to leaving the University, the cardholder is responsible for completing P-card expense reports for any outstanding transactions that are identified in the P-card portal and returning the P-card to the P-card Administrator or to Human Resources. P-cards from terminated employees should never be transferred to or used by other employees. The cardholder authorizes the University to payroll deduct from his or her final paycheck for any transactions that are not adequately documented.

SECTION 5: VEHICLE SERVICES POLICY

Effective Date: August 1, 2022
Contact: Manager of Vehicle Services

5.0 Introduction

This policy is applicable to the University of the Incarnate Word (UIW), St. Anthony Catholic High School, Incarnate Word Education Foundation, UIW International, Texas Institute for Graduate Medical Education and Research, and all other entities which are owned or managed by the University (collectively referred to as the University).

The Vehicle Services Policy establishes requirements and procedures for driving a University vehicle that is owned, leased, or rented in connection with University-related business; for using personal vehicles in connection with University-related business; for using a University vehicle for personal use; and for reporting accidents and damage to University vehicles. The term "University vehicle" includes all University owned, leased, or rented vehicles, golf carts and other utility vehicles. This Vehicle Services Policy applies to persons that are approved drivers under the University's insurance policy when they have been authorized to drive for University-related business. Failure to adhere to the University's policies and procedures may be cause for disciplinary action up to and including termination.

University departments are required to utilize the Department of Vehicle Services for all University-related travel except for rental cars associated with air travel which will be reserved by the University's contracted travel agency. If a department demonstrates that a cost savings can be realized by a vehicle rental from an external source, Vehicle Services will make a final determination considering all factors.

Employees who operate a University owned motor vehicle or their own personal vehicle are expected to obey all traffic laws and avoid accidents at all times to include non-working hours.

5.1 Department of Vehicle Services

The Department of Vehicle Services which is responsible for maintaining the University's fleet of vehicles and supplying University vehicles for authorized University-related business. Vehicle Services is responsible for monitoring and ensuring that the mechanical and safety conditions and appearance of each vehicle in the fleet meet the University's standards and that the department is using the vehicle for the stated business purposes.

5.2 Vehicle Usage Rules

Authorization for employees to drive University vehicles may be suspended or revoked for reasons deemed appropriate by the University. The University regards the safety of its faculty, staff, students, and volunteers as one of its top priorities. Drivers represent the University and are responsible for their own actions as well as for the safety and security of their passengers. The following rules apply to vehicle usage:

- University vehicles are to be used only for authorized University business and operated only by authorized individuals who have been approved to drive through Vehicle Services and the insurance carrier.
- Any University employee or student driving a University vehicle will operate the vehicle in a safe and responsible manner, with respect for other drivers and due consideration for acting as a representative of the University.
- Drivers must comply with all state and local traffic laws.
- Seat belts must be worn at all times by the driver and the passengers. Vehicles that do not have operable seat belts may not be used for University business.
- Drivers must notify Vehicle Services of any citations received in violation of motor vehicle regulations in a University vehicle.
- Drivers are responsible for payment of any fines resulting from violation of motor vehicle regulations while operating a vehicle for authorized University business.
- University-owned vehicles are to be housed on University property when not in use.
- For extended trips, the authorized driver may not drive longer than ten hours in one day, not including breaks. After ten hours, there must be a break of eight hours off the road. Exceptions to this policy are not allowed under any circumstances.
- Drivers must turn the vehicle off, remove the keys and any valuables, and lock the vehicle when it is unattended.
- Drivers must inspect the vehicle for safety concerns prior to use, including checking tires, lights, and other safety equipment for observable defects, and report any issues to Vehicle Services prior to use.
- Drivers must not drive when driving conditions are hazardous (this includes fog, heavy rain, snow, or ice conditions).
- Vehicle Services should be contacted when necessary to determine the feasibility of travel during inclement weather conditions in the area of travel.
- University vehicles may only be operated in the contiguous United States. University vehicles may not be operated in Mexico or Canada.
- Due to safety issues identified by the National Transportation Safety Board, 15-passenger vans may not be used for University-related activities, unless approved by Vehicle Services.

Approved Drivers

Only persons authorized by their supervisor and Vehicle Services to drive a University vehicle that have met all University driver standards, hold a valid driver's license for the class of vehicle being driven, and have been approved as a driver by the University's insurance company may drive a University vehicle. Any change in driving status (i.e., suspensions or revocation of driver's license) must be reported to Vehicle Services immediately.

The following groups may be authorized to drive a University vehicle:

- Employees: Full-time or regular part-time staff, administrators or faculty members who have obtained authorization for travel in furtherance of educational or administrative objectives may be authorized to drive a University vehicle. The authorization must be provided by the appropriate supervisor.

- Students: Enrolled students, including registered student organizations and academic groups, who have obtained authorization for travel in furtherance of educational or group objectives may be authorized to drive a University vehicle. The authorization must be provided by the dean if the travel is connected to an academic department or by the director if the travel is connected to a business unit.
- Athletic Team Travel: For approved athletic team travel, only regular University employees such as bus drivers or team coaches are authorized to drive the team. Student athletes cannot drive for such travel.

5.3 Unauthorized Use of University Vehicles

Use of a University vehicle for any of the following purposes shall be considered unauthorized. The list below is not all-inclusive but is intended to provide guidance. Specific questions on what is considered unauthorized use should be directed to Vehicle Services.

- Personal use of a University vehicle is strictly prohibited except in certain limited approved cases in accordance with the University provided vehicle.
- No transportation of dangerous chemicals, flammable items, or other hazardous materials is allowed without prior written approval from Vehicle Services.
- Only authorized passengers may ride in University vehicles. Transportation of unauthorized passengers is prohibited. All non-employee passengers, including students, must be pre-approved by Vehicle Services and the passenger must sign a waiver prior to riding as a passenger.
- The University prohibits the use of cell phones without a hands-free device while driving a University vehicle.
- University owned vehicles should not be used to jump-start, push or tow other vehicles unless Vehicle Services provides specific permission or instruction.
- Drivers may not drive the vehicle at speeds that are in excess of the posted speed limits or inappropriate for the type of vehicle or the road conditions.
- Drivers may not drive the vehicle “off road” unless the vehicle is appropriate for that use.
- Travel or tasks which are beyond the vehicle’s rated capability (i.e., loads exceeding vehicle gross weight rating, exceeding trailer tow capacity, off road usage, etc.) are prohibited.
- Transport of cargo which has no relation to the performance of official University business is prohibited.
- Transport of any item or equipment projecting from the side, front, or rear of the vehicle in a way which constitutes an obstruction to safe driving or a hazard to pedestrians or to other vehicles is prohibited.
- Extending the length of time, the vehicle is in the driver's possession beyond that which is required to complete the official purpose of the trip is not allowed.
- Operating a University vehicle while under the influence of alcohol or drugs is prohibited.

5.4 Approved Driver Qualifications Under the University’s Insurance Policy

Only persons that are approved as a driver by the University’s insurance company may drive a University vehicle. To become an approved driver, the individual:

- Must complete the Driver Authorization Form and submit it to Vehicle Services to allow for a three-year driving record check. This record check may be performed annually and may require a new authorization.
- Must be at least 21 years of age.
- May not be greater than 72 years of age, unless a medical clearance is provided and approved by the insurance company.
- Must submit a copy of a valid, unrestricted driver's license (except for restrictions for corrective eyewear).
- May not have more than two moving violations and/or chargeable accidents in the most recent year.
- May not have more than three moving violations and/or chargeable accidents in the most recent three years.
- May not have any "major convictions" within the last three years. Major convictions include:
    - Driving while intoxicated or "under the influence" of alcohol or drugs
    - Leaving the scene of an accident
    - Careless or reckless driving violations
    - Homicide or assault
    - Attempting to elude a police officer
    - Racing
    - Permitting a minor to operate a vehicle
    - Vehicle abuse or misuse.
- When students will be traveling in University vehicles, the completed Event Approval Certificate, approved by the Director of Campus Engagement, must be submitted to Vehicle Services in advance please refer to the University's Section 5: Vehicle Services Policy- 5.2 Vehicle Usage Rules for additional information.
- Must meet all other requirements as set forth by the insurance company.

An approved drivers listing is maintained by Vehicle Services and is updated at least annually.

Authorized Passengers

The following individuals qualify as authorized passengers in University vehicles:

- Employees and former employees with emeriti status
- An employee's spouse/domestic partner or other immediate family member
- Members of the Board of Trustees and their family members
- Students traveling on official University business.

5.5 Charter Vehicles

Departments should request transportation for large groups through Vehicle Services. The University's commercial fleet includes charter buses for 35 to 56 passengers, school buses for 45 passengers, and shuttles for 20 to 24 passengers, including handicap-accessible shuttles. Drivers may be provided by Vehicle Services, or departmental employees with a commercial driver's license may be assigned the driving responsibility. Vehicle Services will determine if rentals of charter vehicles from third party vendors are necessary to meet departmental needs if fleet vehicles are not available.

5.6 Rental Vehicles

The University maintains a relationship with certain rental car companies. Age restrictions may apply based on rental agency policies. Rental vehicles without associated air travel should be handled by Vehicle Services. Handicap accessible vehicle rentals should also be handled by Vehicle Services. Rental cars needed in conjunction with air travel should be booked through the University's contracted travel agency in accordance with the University's Section 3: Travel and Entertainment Policy - 3.3 Travel Arrangements and Expenses .

Drivers must inspect the rental vehicle for damage prior to leaving the rental lot at the time of pick up and upon return and make certain a written notation of any damage is made on the rental agreement by the rental agent. Any damage to rental vehicles should be reported to Vehicle Services immediately.

Insurance Guidelines

The University's commercial automobile liability policy provides physical damage and liability coverage for rental cars; therefore, it is not necessary to purchase the insurance provided by the rental agency. As such, the driver should decline the "collision damage waiver" and "liability insurance waiver" offered by the rental car company for all domestic rentals. The University's automobile liability insurance does not cover any loss to personal effects or baggage. The renter can purchase Personal Effects Cargo (PEC) coverage. PEC benefits apply to personal effects belonging to the vehicle renter; however, the cost of such coverage will not be considered an allowable business expense.

For all international rentals, renters must purchase the maximum insurance limits available in the country where travel is to take place for physical damage and liability, but not for luggage.

5.7 Use of Privately-Owned Vehicles

Drivers should utilize a University vehicle whenever possible. If a University vehicle is not available, then Vehicle Services shall seek alternative transportation options such as rental cars, public transportation, or charter services. In the normal course of business, students and employees are not authorized to transport others, including students and employees in their personal vehicles, on University business. Advance written approval from the employee's supervisor is required for employees to transport students in their private vehicles on University business, which must be provided to Vehicle Services. Under these circumstances, the students must sign a waiver. In addition, the driver must be an approved driver and is subject to the requirements of this policy.

Approved drivers operating their personal vehicle for authorized University business may be reimbursed for mileage in accordance with the University's Section 3: Travel and Entertainment Policy - 3.3 Travel Arrangements and Expenses. Drivers using their personal vehicles are expected to obey all traffic laws and avoid accidents at all times, even when driving personal vehicles during non-working hours.

Failure to maintain a satisfactory driving record to the standard established by UIW's liability coverage will be deemed a violation of this policy and will subject the employee to discipline up to and including discharge.

Employees are responsible for notifying Vehicle Services and the Human Resources Office of any changes in driver's license status.

5.8 Vehicles Requiring Commercial Driver's License

Certain employees in Vehicle Services maintain a commercial driver's license. In addition, certain departmental employees (i.e., coaches) may be required to have a commercial driver's license and drive the charter vehicles based on their job duties. Driving records will be checked annually for all drivers holding a commercial driver's license. A copy of the driver's license must be submitted to Vehicle Services on an annual basis. Please reference the University of the Incarnate Word Employee Handbook Chapter 16-Commercial Driver's License (CDL) Alcohol and Controlled Substances Testing Policy for additional information.

5.9 Fuel

University vehicles must be returned with a full tank of gas. If the driver has a corporate credit card/P-card, the driver should use the P-card to refuel a University vehicle or rental car before returning it and charge the fuel expense to his or her department. Such fuel receipts should be submitted with the monthly P-card reconciliation. If the driver does not have a P-card, a fleet P-card will be issued by Vehicle Services with the fleet vehicle. The driver should retain all fuel receipts for the fleet P-card and provide them to Vehicle Services when returning the vehicle. The assigned vehicle number, if applicable, and department account number to charge should be included with all fuel receipts. Fuel for cars, trucks and 12-passenger vans will be charged directly to the driver's department. Fuel for fleet charter vehicles will be charged to the requesting department.

5.10 University Vehicle Charges

Departments will be charged for the use of fleet vehicles based on mileage to cover operating costs such as maintenance and insurance. See the Mileage Rate Sheet for current mileage rates for the various types of vehicles.

5.11 Insurance Coverage

The University maintains commercial automobile liability coverage and physical damage coverage on University owned, leased, or rented vehicles. There is no insurance coverage for theft of personal items from University vehicles or personal vehicles used on University business. Drivers are encouraged to consult with their personal insurance provider to determine if coverage for property in vehicles is included in their homeowner's or renter's insurance policy.

Personal Vehicles

Employees and students that are approved drivers using their personal vehicle on University business are required to carry auto liability insurance with minimum limits as required in Texas. In an accident involving a driver's personal vehicle, the University policy will cover liability only (claims made against the driver by third parties) and not physical damage to the driver's vehicle. In this regard, the driver must use his/her individual automobile insurance coverage as the primary insurance. The University's liability coverage will apply when the vehicle owner's policy has been exhausted. Furthermore, the University will not reimburse a driver, another private owner, or his/her insurer for any deductible or liability claim paid by their personal auto insurance policy or for any damage to the vehicle.

Employee Injury and Lost Wages

When traveling on University business, within the course and scope of employment and in furtherance of University business at the time of the accident, employees injured in an auto accident are covered by the University's workers' compensation insurance.

5.12 Student Organization Travel

Registered student organizations may make off-campus trips that are approved by the organization and the Director of Campus Engagement. In order to use a University vehicle, the trip must be sponsored by a recognized student organization, and a University employee must accompany the group.

Vehicle Services will not approve a vehicle for use by a student organization until received the approved Event Approval Certificate. The certificate confirms that the Director of Campus Engagement has approved the use of the University vehicle and the event, that the student is an approved driver, and that the student has been provided a copy of the Vehicle Services Policy.

5.13 Accidents

An accident is defined as any incident that causes damage to persons or property. Drivers must report accidents or damage involving a University owned vehicle, rental vehicle, or personal vehicle used on University business immediately to Vehicle Services, when possible. All reports should be made within 24 hours or the next business day at the latest.

Guidelines in the event of an accident:

- Keep calm and do not argue with other persons involved in the accident.
- Notify the local law enforcement agency immediately after an accident occurs and make the notification at the accident site unless it would be unsafe. Request that an accident report be completed.
- Provide the University's Insurance ID card located in the glove compartment for University owned vehicles. The ID card is required by law and provides evidence of the University's fleet insurance coverage.
- If an injury is involved, seek immediate medical attention.
- Report the accident and any injuries you or your passengers sustain to your supervisor, Human Resources and Vehicle Services.
- Discuss the accident only with police officers, the University's insurance representatives or University officials. All matters should be reported to the CFO for Administrative Services, Associate Vice President for Business and Finance, and Vice President for Legal Affairs/General Counsel as deemed necessary. Refer all questions from lawyers and other involved parties to University General Counsel.
- Obtain as much information as possible about all other parties involved in the accident (i.e., insurance company; driver's name; driver's license number; license plate number; year, make and model of car; cause of accident; witnesses; addresses; phone numbers; etc.).
- Do not undertake or authorize any repairs (other than emergency repairs to safely return to the lodging/destination) to University vehicles. Authorization may only be provided by the Director of Fleet/Purchasing.

5.14 Safeguarding Vehicles

Operators must take all reasonable precautions to prevent damage or theft of University vehicles when parked and not in operation, including the following:

- Roll up all windows.
- Lock all doors.
- Remove all valuables and conspicuous items. If unable to remove, hide from sight and lock all valuables in the trunk so that they are not visible.
- Where possible, park in a lighted area or where security protection exits.

5.15 Golf Carts and Utility Terrain Vehicle (UTV) Program

The golf cart and UTV program ensures the safe operation of golf carts and utility vehicles while operated on the campus. The Vehicle Services Policy is applicable to employees, students, guests, and contractors/vendors that own and/or operate golf carts and UTVs on University property. In this policy, all references to "golf carts" includes UTVs.

All owners and operators of golf carts have specific responsibilities to ensure the safe operation of golf carts and proper maintenance in accordance with the manufacturer's guidelines.

Driver standards include the following:

- Approval to operate a University golf cart is the same as a licensed vehicle, except the minimum age is 18, rather than 21.
- The driver must successfully complete a Golf Cart Safety Program.
- The driver will be issued a Golf Cart Operator's Permit.

5.16 Golf Cart Operational Procedures

Golf carts must be operated with the utmost courtesy, care and consideration for the safety and convenience of pedestrians. Golf carts should be operated in accordance with following specifications:

- Pedestrians must be given the right-of-way at all times.
- Operators are prohibited from driving or removing golf carts from University property.
- Only golf carts which have been made street legal are allowed to be driven on public roads to reach other University properties.
- Golf carts are prohibited on the property of the Generalate and the Village at Incarnate Word.
- Golf carts are restricted to campus streets.
- Driving on sidewalks or grass is prohibited except when working requirements dictate otherwise. For security reasons, golf carts containing tools and equipment may park on the grass within the site of the work area.

- A golf cart may enter other areas solely for the purpose of loading and unloading but may not park in such areas. The loading time may not exceed ten minutes.
- Golf carts are not to be used to provide rides for people without a specific business purpose.
- Golf carts should not be used in a manner that damages buildings, gates, bollards, or lawns.
- The passenger carrying capacity of golf carts may not exceed the number of seats.
- The campus speed limit and UIW Golf Cart Regulations will be observed at all times when operating the assigned golf cart.
- Appropriate distances should be maintained between vehicles when operating the golf cart.
- Operators are required to maintain both hands on the steering wheel when operating the golf cart. Legs must be kept within the vehicle and in the foot compartment.
- Operators should reduce speed to compensate for adverse road conditions.
- Operators should apply service brakes when parking on steep grades.
- Operators should slow down when making sharp turns to minimize the risk of overturning the golf cart.
- Use of cell phones is prohibited while operating the golf cart.
- Eating or drinking is prohibited while operating the golf cart.
- Golf carts may only be parked in designated areas and may not be parked in the following areas:
    - Metered parking spaces
    - Fire lanes
    - Handicap parking spaces and accessible curbs
    - Reserved parking spaces
    - Within 20 feet of the main entrance/exit of any building in any manner that would impede the normal flow of pedestrian traffic
    - On parking spaces, sidewalks or ramps that would impede pedestrian and handicap accessible parking and pathways.

5.17 Responsibilities of Golf Cart Owners and Operators

University departments and vendors are responsible for the following:

- All repairs and maintenance cost.
- All preventive maintenance and repair records for the assigned golf carts.
- Keep all equipment and safety features in good working order.
- Identify the name of the vendor or department responsible for the golf cart.
- Display the number assigned by Vehicle Services on the front of the golf cart.

Employees are responsible for the following:

- Inspect the assigned golf cart before operating, document any unsafe conditions, and report any deficiency to their immediate supervisor.
- Attend the mandatory Golf Cart Safety Program prior to operating any University golf cart.
- Operate the golf cart in a safe manner.
- Report any incident or accident to their supervisor immediately.

Supervisors will be expected to ensure enforcement of the golf cart policies and will be held accountable for violations by their employees. Supervisors are responsible for the following:

- Submit driver's license for all employees who are required to operate a University golf cart to Vehicle Services for approval.
- Ensure that all employees attend the mandatory Golf Cart Safety Program prior to operating any University golf cart.
- Take timely corrective action for any employee infractions related to this policy.
- Ensure the assigned golf carts are operating properly and that conditions identified are repaired.
- Report any incidents or accidents to the supervisor and Vehicle Services.

Vehicle Services is responsible for the following:

- Provide the required Golf Cart Safety Program training for all on-campus golf cart operators.
- Maintain the appropriate records for all employees who operate University golf carts.
- Report any incidents or accidents to the Director of Environmental Health Safety and Risk Management (EHSRM) and Human Resources.

EHSRM is responsible for the following:

- Provide the online Golf Cart Safety Program.
- Assist the supervisors in complying with this policy.
- Review all incidents or accidents with Human Resources.
- Forward a report with recommendations to the CFO/Vice President for Administrative Services as considered necessary.

Procedure to Obtain a Golf Cart Operator's Permit

The following is required to obtain a golf cart operator's permit:

- Obtain supervisor's approval to operate a golf cart.
- Review the Golf Cart User Guide and sign the applicable acknowledgement form and take the online exam. A passing score is 85% or higher.
- Send a copy of your exam score to Vehicle Services and schedule a driving test.
- Pass the driving test.

5.18 Violations

Violations of the policy related to the golf cart and UTV program may result in impounded golf carts, fines, or revocation of operator permits.

Any violations of the Vehicle Services policy including the golf cart and UTV program may result in appropriate disciplinary action up to and including termination outlined in the University of the Incarnate Word Employee Handbook Chapter 11 Discipline.

Please direct any questions or concerns to Vehicle Services at 210-829-3907 or to the EHSRM office at 210-829-6035.

SECTION 6: FIXED ASSET POLICY

Effective Date: August 1, 2022
Contact: Assistant Comptroller

6.0 Introduction

This policy is applicable to the University of Incarnate Word (UIW), St. Anthony Catholic High School, Incarnate Word Education Foundation, UIW International, Texas Institute for Graduate Medical Education and Research, and all other entities which are managed by the University (collectively referred to as the University).

The Fixed Asset Policy has been implemented to provide guidance to University personnel on the acquisition, tracking, recording, and disposition of fixed assets. Failure to adhere to the University's policies and procedures may be cause for disciplinary action up to and including termination.

6.1 Acquisitions

All purchases made on behalf of the University must be made in accordance with the University's Section 1: Procurement and Bid Policy and/or Section 7: Construction Policy.

Capitalization of Fixed Assets

The University capitalizes the acquisition costs of fixed assets based on the following thresholds. Acquisition costs include the cost of the goods as well as freight and installation. Warranties and maintenance or services contracts related to fixed assets should not be capitalized. Acquisitions costing less than the amounts noted below are considered operating expenses reflective of the University's business activities. Assets acquired under capital leases should also be capitalized.

- Furniture and equipment with a unit cost of $10,000 or more
- Buildings and improvements totaling $100,000 or more
- Intangibles and software totaling $100,000 or more
- Large buses/shuttles with a unit cost of $10,000 or more

The University expenses all costs associated with the replacement of fleet vehicles due to the rapid rate of turnover. Repairs and maintenance costs for facilities and equipment, regardless of amount, should be expensed as well.

Donated or in-kind contributions of fixed assets to the University should be coordinated through the Development Office, and all supporting documentation should be shared with the Comptroller's Office and the Fixed Asset Specialist in the Purchasing Department for proper accounting.

6.2 Tracking and Tagging of Fixed Assets

The Fixed Asset Specialist physically tags all equipment with a value of $10,000 or more upon receipt. If an asset is received at a satellite or offsite location, the Fixed Asset Specialist will tag the asset at that location. Information such as the date, serial number, cost, location, purchase order (PO) number and asset tag number are captured on the fixed asset tracking data sheet. Additionally, pictures of the asset are taken, including the asset's serial number. On a quarterly basis, the Comptroller's Office sends the fixed asset reconciliation to the Purchasing Department, and Purchasing records the serial numbers, asset tag numbers, and physical location of the new fixed asset additions. Once the reconciliation is updated, it is sent back to the Comptroller's Office.

High Theft Information Technology (IT) Assets

IT equipment with a cost of $10,000 or more (i.e., servers) is received and tagged by the Fixed Asset Specialist in the same manner as other assets. When equipment is received, the Infrastructure, Operations and Security Department (IOSD) performs its equipment intake procedures by tagging or recording the tag number for all equipment such as computers, laptops, printers, and tablets. For equipment with a cost of $10,000 or more, the IOSD will use the tag number assigned by the Fixed Asset Specialist. The asset information (tag number and serial number) is input by the IOSD into the asset tracking software program. The equipment is then delivered to the end user. For equipment not utilized for internal IT operations, the end user will sign for the equipment he or she is provided, and the signature is scanned into the asset tracking software program.

Maintenance, Repairs or Renovation Projects

Request related to maintenance, repairs or minor renovation projects for offices, classrooms, buildings or grounds should be sent to the Facilities Management Department by submittal of a work order on the School Dude System. Each new request will be considered in relation to all other maintenance, repairs and minor renovation project requests and will be prioritized based upon need and available funding. Status of the request will be communicated to the requestor periodically.

Transfers

To transfer a fixed asset between departments or locations, an Asset Transfer/Disposal Form must be submitted to the Fixed Asset Specialist in the Purchasing Department by the transferring department prior to the asset being physically transferred. Transfers between buildings or departments must be approved by the Director of Procurement and Other Support Services or an authorized designee on the Asset Transfer/Disposal Form. After a transfer form is properly authorized and the asset is physically moved by the Special Events Department, the fixed asset schedule is updated.

If a department no longer needs a piece of furniture or equipment that is still useable, an Asset Transfer/Disposal Form should be filled out transferring the asset to storage. The Special Events Department will move the discarded furniture or equipment to storage until it is needed by another department. At that time, another Asset Transfer/Disposal From will be completed to transfer the asset from storage to the department that needs it.

Disposals

Disposals represent fixed assets that are no longer needed that will be sold, donated, or discarded and will be removed from the University's fixed asset schedule. To dispose of a fixed asset, an Asset Transfer/Disposal Form must be submitted to the Fixed Asset Specialist in the Purchasing Department by the department prior to the physical disposal of the asset. Upon receipt of the Asset Transfer/Disposal Form, the Fixed Asset Specialist will coordinate the disposal with the Special Events Department or any other responsible party as needed and notify the Comptroller's Office to update the fixed asset schedule. Any gains or losses from the disposals are recorded by the Comptroller's Office.

If technology equipment requires disposal, the IOSD should be contacted rather than the Fixed Asset Specialist. The DIUSD will coordinate the disposal of technology-related equipment with a third-party vendor that ensures data is removed from the equipment. The IOSD will also notify the Fixed Asset Specialist and Comptroller's Office so the equipment can be removed from the fixed asset listing if applicable.

Lost or Stolen Assets

Any lost or stolen furniture or equipment should be reported to the University Police, as well as to the Fixed Asset Specialist so an insurance claim can be filed by the Director of Procurement and Other Support Services as deemed necessary. Departments are responsible for covering the first $1,000 to replace the items. Insurance proceeds or a self-insurance fund will cover the remainder of the cost.

Physical Inventory of Fixed Assets

Each department is responsible for the proper care and safeguarding of assets at all times. The main objective of the fixed asset physical inventory is to maintain an accurate accounting record of all assets owned or used by the University (including leased assets). The Fixed Asset Specialist conducts a physical asset inventory of capitalized assets on a rotating basis.

A list of assets assigned to each department will be provided on an annual basis, and budget managers are responsible for verifying that the items on the list are still in the possession of and used by the department and for making necessary changes to the list if needed. Reasons for disposal should be noted on the form. The inventory list should then be signed by the budget manager for that department and returned to the Fixed Asset Specialist.

Equipment Purchased with Sponsored Project/Grant Funds

Equipment purchased with sponsored project/grant funds must be placed on the fixed asset listing in accordance with this Fixed Asset Policy, and the project director and department that made the purchase are accountable for the equipment. For federally funded assets, an inventory listing of these assets is maintained by the Grants Accounting Office, and physical inventories of such assets are conducted in accordance with federal regulations. For federally funded assets with a unit cost under $10,000 but greater than or equal to $5,000, these assets are included on the inventory listing but are not capitalized or depreciated since they are below the University's capitalization threshold.

Prior to disposing of assets purchased with sponsored project/grant funds, the Grants Accounting Office must be notified. They will determine whether the University or the sponsor/grantor retains ownership of the asset. If ownership is retained by the sponsor/grantor, that agency must be notified by the University once the asset is no longer needed. The agency must provide written approval in advance for disposal of the asset. The funds received from the sale of such assets will be returned to the agency as deemed necessary.

6.3 Accounting

All capitalized items should be charged to the appropriate 76XX account in the accounting system. All other items should be charged to non-capitalized accounts (i.e., 6588 for small furniture and equipment, etc.).

A fixed asset schedule is maintained by the Comptroller's Office to track all capitalized assets in one location. The fixed asset schedule includes buildings, land, other structures, and furniture and equipment. Additionally, the schedule includes the asset description, asset class, asset tag number (if applicable), model/serial number, physical location, responsible department, acquisition date, acquisition cost, depreciation method, useful life, and accumulated depreciation.

Depreciation of Assets

Depreciation is calculated utilizing the straight line, half-year convention and is recorded on a quarterly basis. The University uses the following lives for depreciating new assets.

- Technology equipment and software – 5 years
- Furniture and office equipment– 7 years
- Medical technical equipment – 8 years
- Buses/shuttles – 10 years
- Other structures – 15 years
- Buildings – 50 years
- Assets under capital lease – term of lease

If an asset is purchased and does not fall within one of the categories above, the life assigned to the asset should be determined based on the useful life of the asset and approved by the Director of Procurement, Associate Vice President for Business and Finance and Comptroller (AVPBFC), or Assistant Comptroller.

Reconciliation Process

On a quarterly basis, the Comptroller's Office reviews all transactions recorded into the 76XX fixed asset accounts. Support for each asset is reviewed and assessed to determine whether it should be capitalized or reclassified to an operating expense account. After the review, the fixed asset additions with all of the asset detail are added to the fixed asset schedule and tracked by the Fixed Asset Specialist.

On a quarterly basis, the fixed assets in account 76XX are reconciled to the fixed asset schedule to ensure the general ledger and detailed listing are in balance.

Impairment Process

On an annual basis, the Fixed Asset Specialist and the Comptroller's Office review the fixed asset schedule to determine whether any of the assets listed should be impaired based on their knowledge of the assets and the current market. If any assets are identified for possible impairment, a formal impairment analysis is performed, and an adjustment is recorded if deemed necessary.

SECTION 7: CONSTRUCTION POLICY

Effective Date: August 1, 2022
Contact: AVP, Capital Planning/Facility Management

7.0 Introduction

This policy is applicable to the University of the Incarnate Word (UIW), St. Anthony Catholic High School, Incarnate Word Education Foundation, UIW International, Texas Institute for Graduate Medical Education and Research, and all other entities which are managed by the University (collectively referred to as the University). Furthermore, the Policy is also applicable to all contractors who are hired on behalf of the University to plan and complete capital construction projects.

The Policy provides guidance to University personnel and third-party contractors to ensure the University is utilizing cost effective strategies when constructing or renovating University facilities. The Policy pertains to all University projects on campuses within the United States. The processes and procedures outlined are intended to support an effective, adequately controlled, and safeguarded construction environment. Failure to adhere to the University's policies and procedures may be cause for disciplinary action up to and including termination.

7.1 Construction Policy - General

Construction Mission and Objectives

The mission of the University relative to construction is to build strategic, functional facilities to further the educational advancement of its students. The dollars spent should be monitored to ensure the capital projects remain cost effective.

The objectives of the Construction Policy are to:

1. Provide guidelines when proposing and selecting which capital project to undertake on behalf of the University.
2. Establish procedures when deciding to renovate or construct a new facility using internal or external materials, labor, and project management services.
3. Determine all inputs necessary when planning a capital project.
4. Outline the bidding policy for construction projects.
5. Provide a checklist of all documentation that should be obtained and retained for each construction project.
6. Provide procedures for invoice payments, change orders, and project conclusion.

Oversight and Approval

The AVP of Capital Planning/Facility Management (AVP) is accountable for implementing this Policy and supervising all construction projects across the University. Given the substantial amount of capital utilized for construction projects, the President of the University as well as the CFO and Vice President for Administrative Services (CFOVPAS) and Associate Vice President for Business & Finance and Comptroller (AVPBFC) are the only individuals allowed to sign construction project contracts on behalf of the University. The Policy will be reviewed and updated as necessary when changes occur.

7.2 Program Phase

Project Proposal

Management maintains a capital project plan that includes all long-term prospective projects that the University has identified. The capital project plan typically extends five to ten years. Each project identified has an anticipated budget which is determined through the collaborative efforts of various departments including Finance, Facilities, Purchasing, and outside consultants such as architects or construction specialists. Estimates are amended as inputs and needs change. The capital project plan is updated on a periodic basis by the CFOVPAS. Other stakeholders such as University personnel or donors can also submit capital project proposals to be considered within the capital project plan.

The CFOVPAS will brief the Finance Committee of the Board of Trustees and President's Advisory Council (PAC) on anticipated projects as deemed necessary. The PAC is composed of the President, Vice Presidents, Provost, select Senior Administrators, and the President of Faculty Senate. The PAC meets regularly and may discuss priorities for capital projects within the plan which are critical to carry out the mission and various objectives of the University.

Once capital project priorities are determined, the CFOVPAS and the AVPBFC perform various analyses and review debt covenant considerations to determine the best method to fund the projects. See the University's Section 8: Debt Financing and Management Policy for additional information.

How a project will be funded determines who is required to approve the project before it commences. All projects, no matter the size, get approved by either the President or CFOVPAS. If a project is to be financed, the Board of Trustees is required to approve the project and the financing option selected. Projects which are funded using University operating surpluses or money raised through fundraising efforts do not require Board approval. The President keeps the Board of Trustees informed of progress of ongoing and upcoming projects during Board meetings. Upon agreement and project approval, the planning phase will commence.

7.3 Design Phase

Project Planning

Once a capital project has been approved by all necessary parties, the AVP will begin the planning phase. The University completes both new construction as well as remodeling projects that can be funded with internal materials, labor and project management services or contracted to outside service providers. The AVP will review all initial pricing estimates and the complexity of the project to determine whether it is more cost effective to handle the project internally or to outsource the construction project. As deemed necessary by Management, the University may perform additional due diligence such as conducting feasibility studies, consulting individuals who have a specialized expertise in relation to the approved capital project or seeking input from University students and employees through focus groups to ensure that the project has been properly devised and vetted.

Design Plans

For projects requiring architectural services, the University will engage an architect via a formal written contract specifying the plans and/or management services to be provided.

Various University personnel will help develop the concept and provide the architect with the initial vision for the project. The architect will take the input and evaluate it against all applicable laws and regulations, including both sustainability as well as environmental factors. A schematic design will be created to scale to illustrate all components. The architect will also prepare structural, mechanical, and electrical engineering plans as well as construction documents which can include building plans, sections and elevations, study models, perspective sketches, and digital modeling.

Once the structural design plans are created, a plan showing furnishing (furniture, flooring, shelving, lighting, etc.), audio/visual equipment, and other information technology (IT) requirements will also be created. These plans will be reviewed and approved to ensure the space is appropriate and works with the intended furnishings, the electrical plans provide outlets with the correct voltage in the proper locations, and the appropriate IT equipment is identified to meet the needs of the end users.

All the plans are reviewed by various University stakeholders, which may include a committee with specific ties to the project that may help oversee the project, to verify the plans meet the University's needs. If any adjustments are necessary, they are communicated to the architect and updated plans are produced. The University stakeholders continue to review revised plans to verify all expectations have been incorporated into the plans. Once all updates have been made and the plans are finalized, the University approves the plans by signing off on the final version and provides an intent to proceed.

Furthermore, the architect will create a proposed construction schedule and estimated budget for the construction project and send them to the University as a general guide until more formal information is available. The architect also prepares the bid packages to be sent to prospective bidders for construction projects that will go through the competitive bidding process.

7.4 Pre-Construction Phase

Competitive Bidding

It is the policy of the University to solicit bids when purchasing goods and/or services over certain dollar thresholds. See the University's Section 1: Procurement and Bid Policy in place for bid requirements. Given the nature, time frame, and level of expertise needed, the University may decide to solicit less than the required number of bids from the listing of pre-approved contractors and subcontractors maintained on the preferred vendor listing maintained by the Purchasing Department. This decision would be made at the discretion of Management as deemed necessary.

For construction projects handled internally, the AVP may send out requests for proposals (RFP) for subcontracted work as deemed necessary. An RFP packet will be compiled to include all specifications required by the University for the project. The AVP or other University stakeholders will open the bids as they are received, assess all factors, and award the contract. It is customary that the University selects the lowest bidder, but a higher bid may be selected with appropriate justification by Management.

For construction projects not completed or managed by UIW, the architect leads the bidding process. Bids will be solicited by the University from the list of pre-approved contractors maintained by the architect as approved by the University. The architect will furnish bidding documents to all selected contractors and request all bids be returned by a specified date and time. Additionally, the architect will lead a pre-bidding meeting to distribute all packets including the architectural plans. The architect will explain all diagrams within the packets, answer any questions the contractors may have, and prepare responses to any additional follow up questions posed by prospective bidders.

When submitting bids, the contractors must also submit a listing of all subcontractors they intend to utilize to ensure that the subcontractors are also approved by UIW. Upon expiration of the deadline, the AVP, the architect, and other key University personnel as deemed necessary are present when each solicited bid is opened. A tally sheet is used to evaluate and track all received bids. The group will review all components of each bid. If two solicited bids have the same or similar pricing, the University may elect to ask the bidders to review their bids once again and resubmit their very best offer. The architect makes recommendations to the University on which contractor the firm suggests; however, the University makes the ultimate decision. If the lowest bidder is not selected, deviations are justified and documented. The architect is responsible for drafting contracts with contractors, obtaining all permits, and ensuring all contractors and subcontractors carry proper insurance and licenses and meet any other specific requirements. The University considers whether bid guarantees, performance bonds, and payment bonds should be included in the contracts.

While the University should go through the bidding process when the purchase of goods or services exceeds the threshold, there are a few exceptions to the bidding process which include contracted vendors, preferred vendors, and sole source vendors. See the University's Section 1: Procurement and Bid Policy - 1.2 Procurement of Goods and Services for additional information.

Project Funding

Each project has an anticipated budget which is estimated by various departments including Finance, Facilities and Purchasing, by outside consultants such as architects or construction specialists, or through the bid process. The President, CFOVPAS, AVPBFC and other relevant University personnel as deemed necessary (collectively Project Funding Management) are tasked with project funding decisions. The Project Funding Management will vet various funding alternatives such as, but not limited to, self-funding, capital campaigns, grants, or debt financing. The Project Funding Management performs due diligence on all alternatives to ensure that capital projects are funded economically while keeping the University compliant with current debt covenants. See the University's Section 8: Debt Financing and Management Policy for additional information.

7.5 Construction Phase

After all designs have been approved by the stakeholders and contracts have been awarded to the contractors selected, the construction phase of the project begins. Both Facilities Management and the architect are responsible for enforcing the terms of the agreement and project requirements. When applicable, the architect ensures all contractors and subcontractors are carrying the proper amount of general liability insurance and worker's compensation coverage. The University's Director of Environmental, Health, Safety, Risk Management (EHSRM) is also responsible for verifying and tracking the insurance coverage for contractors and subcontractors working on projects, ensuring that UIW has current certificates of insurance on file with the University named as an additional insured, and ensuring coverage is adequate.

Additionally, the architect will coordinate a preconstruction meeting to review the overall project and ensure all building permits have been obtained and the University is in compliance with all governmental regulations. Furthermore, the architect will prepare and issue a Notice to Proceed to start the construction project. The architect may also serve as the project manager for projects completed internally or by third parties to include coordinating with contractors and subcontractors, monitoring progress, reviewing construction draws and change orders, and obtaining the University's approval, as necessary.

Invoices

Once construction has started on the proposed project, the contractor will periodically submit construction draws or invoices according to the agreed upon terms within the respective contract as stages of work are completed. For projects managed by the architect, contractor invoices are typically submitted to the architect first for review and approval before they are sent to the University for approval by the President or CFOVPAS. Once approved, the invoices are forwarded to Accounts Payable for payment.

Budget

The University has a long-range construction budget prepared by the CFOVPAS; however, an allocation for each project does not occur within the Banner accounting system. The annual construction budget includes each project and the estimated cost associated with the project. As better estimates are obtained, the budget will be updated accordingly. Year-end surpluses are reserved for construction projects when deemed necessary if funds are available. Within Banner, there is a plant fund for each project that all project related expenses will be charged to, so the full cost of the project can be tracked and analyzed. Transfers are made from operating funds to the plant projects to cover annual expenditures not covered by other sources.

For each capital project over $10,000,000, the Accounting Business Analyst reviews invoices in detail and maintains an Excel spreadsheet which tracks the actual costs and estimated budget, including original contract amount, change orders, amounts completed to date, retainage, amounts earned, previous payments, and amounts due for that period. The spreadsheet is reviewed by the CFOVPAS and AVPBFC periodically while the project is underway. For all other projects less than $10,000,000, a separate spreadsheet is not maintained. However, the project budget, the estimated ongoing expenditures, and the overall project status are monitored by the AVP, CFOVPAS and AVPBFC on an ongoing basis.

Monitoring

The AVP is responsible for monitoring construction progress on behalf of the University. The AVP is very involved in the process, visits the construction site frequently, and interacts on a regular basis with the project manager, architect, general contractor, and subcontractors. When applicable, the AVP provides status updates to Management and key stakeholders on project progress.

Change Orders

Change orders consist primarily of additional time and materials incurred over and above the original amount included in the bid if a change is required in the build process based on unexpected issues that arise or changing University requirements. Change orders are first reviewed by the architect to verify the change is needed. Once approved by the architect, the change order is discussed with the AVP as well as other key stakeholders involved in the approval process who may provide recommendations or feedback. Once all University personnel are in agreement regarding the change order, it is sent to the University's President or CFOVPAS for final approval. All approved change orders are logged for tracking purposes.

Requests for changes to furnishings, audio/visual equipment, and other IT requirements after the plans have been approved by the stakeholders will be subject to additional review, approval, and availability of funding.

Inspections

The scheduling of all inspections is the responsibility of the general contractor. Throughout the project timeline, there are ongoing inspections to ensure the construction to date complies with local, state, and federal ordinances. All inspections are reviewed and kept on file by the architect and/or the University. Any non-compliance notices should be properly remediated, and all drawings should be reviewed to ensure accuracy. Additional inspections such as materials testing, elevator inspection, and any other identified items should be completed in accordance with current regulations. A site survey should be scheduled with both the contractor and an inspector. The city will conduct a final inspection to ensure that the building adheres to all ordinances. Upon passing all standards designated, the city will issue a certificate of occupancy. UIW will maintain a copy of the certificate for its records.

Recordkeeping

The University and/or external project manager obtains and maintains permit numbers which can be used to access permit information online as well as all related construction documentation. The University maintains many of the construction documents such as final approved plans, all bid documentation, construction contracts, invoices or construction draws, changes orders, certificates of occupancy, warranties, permit numbers, etc. electronically.

Acceptance and Completion

Upon substantial completion, the AVP and the project manager from the architectural firm, when applicable, will conduct a thorough walk through of the facilities and maintain a punch list of open items that need to be addressed. The University accepts the building as complete from the general contractor when all terms of the contract have been met, all specifications have been followed, and all issues have been addressed.

Warranties

After final inspection, the general contractor provides a warranty covering the construction for the period of time negotiated in the contract. The AVP monitors the new construction for any warranty items and works with the general contractor to get the issues resolved.

Conflicts of Interest

Conflicts of interest should be disclosed to the University, and the University should make every effort to ensure a conflict of interest does not exist when contracting work on behalf of the University. Please reference the University of the Incarnate Word Employee Handbook Section 7.2- Ethical Standards for additional information.

Accounting

Each project is assigned a specific fund for general ledger for tracking purposes. In accordance with the University's Section 6: Fixed Asset Policy – 6.1 Acquisitions to Capitalize any new construction or enhancements that extend the life of an asset if the total cost is greater than the amount designated for capitalization. Maintenance and repair projects, regardless of cost, are expensed if in Management's opinion they do not extend the life of the asset. Management also determines whether capitalized interest or internal labor is necessary on a project-by-project basis.

Construction in progress (CIP) amounts are reviewed quarterly by the AVPBFC or Assistant Comptroller. Projects are moved from the CIP account into fixed assets and depreciation begins at the time that the certificate of occupancy is issued by the city, or a renovation project is completed. Depreciation is recorded in accordance with the University's Section 6: Fixed Asset Policy - 6.3 Accounting.

7.6 Grant Requirements for Capital Construction Projects

Furthermore, capital expenditures purchased with federal funds should follow Federal Regulations and be handled in accordance with the University's Section 1: Procurement and Bid Policy - 1.3 Procurement of Goods and Services with Federal Funds.

SECTION 8: DEBT FINANCING AND MANAGEMENT POLICY

Effective Date: August 1, 2022
Contact: AVP for Business and Finance

8.0 Introduction

This Debt Financing and Management Policy is applicable to the University of the Incarnate Word (UIW), St. Anthony Catholic High School, Incarnate Word Education Foundation, UIW International, Texas Institute for Graduate Medical Education and Research, and all other entities which are managed by the University (collectively referred to as the University).

This policy provides various guidelines to University personnel for the use and management of debt to ensure that the University is effectively achieving its strategic objectives while maintaining a credit rating that appropriately balances financial flexibility with cost of capital as deemed appropriate by Management with Board of Trustee or Finance Committee approval, as necessary. The policy outlined below is intended to support an effective and adequately controlled debt environment. Failure to adhere to the University's policies and procedures may be cause for disciplinary action up to and including termination.

8.1 Debt Policy - General

Debt Mission and Objectives

The University of the Incarnate Word is committed to educational excellence. Through a faith-based education, the University cultivates the development of the whole person and values life-long learning. Faculty and students support each other in the search for and communication of truth, thoughtful innovation, care of the environment, community service, and social justice.

The use of debt financing is a valuable instrument to continue the advancement of the University's mission.

The objectives of the debt policy are as follows:

1. Provide guidelines for determining the University's debt capacity as well as the assessment of the cost effectiveness of various types of debt to maintain the long-term financial health of University.
2. Provide guidelines to determine when the University should consider borrowing from the Endowment.
3. Establish a procedure for allocating debt to projects across the University that support the mission and goals of the University as well as the overall strategic plan.
4. Outline debt management and risk considerations.

5. Provide debt reporting guidelines which includes various calculations to ensure compliance with debt covenants in place.

Oversight and Approval

Management, which is defined as the President, CFO and Vice President for Administrative Services (CFOVPAS) and Associate Vice President for Business & Finance and Comptroller (AVPBFC), is responsible for compliance with this policy and executing all debt financing activities on behalf of the University. Management responsibilities include oversight and execution of debt agreements. Any debt issued by St. Anthony Catholic High School should be approved by the high school Board of Directors.

Intercompany Long-Term Debt Transactions

The University can secure intercompany debt initiated by related entities. The debt must be authorized and approved by each of the respective boards. When bylaws, debt agreements, or other contracts dictate that additional approval is necessary, all mandatory approvals must be granted prior to issuance of debt. Furthermore, the University must execute a promissory note which details the repayments terms therein.

8.2 Debt Selection, Management and Reporting

The University's utilization of debt plays a critical role in ensuring adequate, cost-effective funding for the University's capital project plan. By linking the objectives of the debt policy to strategic objectives, the University increases the likelihood of achieving its mission. The following sections detail the main attributes of the debt process.

Capital Project Plan

The University maintains a capital project plan that includes all prospective projects that the University has identified for several upcoming years. Each project has an anticipated budget which is determined through the collaborative efforts of various departments including the President's Office, Finance, Facilities, Purchasing, and outside consultants such as architects or construction specialists. Estimates are amended as inputs change. The capital project plan is updated on a periodic basis.

Project Prioritization

The President's Advisory Council (PAC) meets on a regular basis and may discuss priorities for capital projects within the capital project plan which are critical to carry out the mission and various objectives of the University. The PAC is composed of the President, Vice Presidents, Provost, select Senior Administrators, and the President of the Faculty Senate.

Review of Debt Capacity and Affordability

Once capital project priorities are determined, the CFOVPAS, AVPBFC and designated personnel perform various analyses to determine the best method to fund the projects. Viable funding alternatives for the capital projects can include self-funding through operations or reserves, capital campaigns, grants, debt financing, or borrowing from the University's Endowment.

The University establishes strategic priorities for capital projects while considering debt capacity and debt affordability, as well as the overall financial health of the University. Management will consider current debt levels, future debt financing, and overall operating surpluses of the University. Management will specifically consider all financing resources available to finance projects and review the University's ability to continue to make debt service payments through operating budgets or identified revenue streams.

Management considers various factors when choosing the optimal debt financing strategy for a proposed project. The entire debt profile is reviewed holistically. The University will evaluate benefits, risks, and costs of each financing and funding source. The University also monitors various ratios such as debt service coverage and liquidity ratios to ensure compliance with debt covenants in place. The permanent official record for each respective debt issuance is maintained by the Comptroller's Office and contains the agreed upon financial covenants. Management identifies each financing scenario and calculates the projected impact to the ratios. Management reviews various options to make educated decisions regarding the selection of the best debt financing solution for each individual project to ensure the continued long-term financial viability of the University while advancing its mission. The University strives to maintain an investment grade rating with a rating agency to ensure its continued ability to access capital markets.

Management of Debt Portfolio

The University strives to maintain a balanced debt portfolio which can include long-term, short-term, fixed rate, and variable rate financing through various types of debt instruments. To achieve the desired debt mix, Management reviews the current debt options available along with the current debt portfolio. Management also reviews the risks and benefits associated with each option as well as any impact on the University's credit worthiness, debt affordability, and overall debt capacity. Additionally, if further expertise is deemed necessary, the University may engage a financial advisor or other consultant for various debt-related decisions.

The following are types of debt that the University may consider:

1. Tax Exempt Debt

The University recognizes that tax exempt debt is advantageous and yields substantial cost savings. Management recognizes that such an issuance is preferred; however, various considerations must be analyzed prior to utilizing tax exempt debt to fund capital projects. When the University is evaluating the need to issue tax exempt debt, it seeks guidance from the University's bond counsel to include confirmation that the transaction qualifies as tax exempt. Management can choose one or more underwriters by soliciting bids through a competitive bidding process or by selecting an underwriter based on prior experiences. Additionally, the University must ensure compliance with regulations related to publicly issued debt.

2. Private Business Use

The University is cognizant that when utilizing bond funding, it must ensure issued bonds continue to retain their tax-exempt status. Management scrutinizes the use of the property to ensure that the tax-exempt financed property continues to be utilized for the exempt purposes of the organization rather than for private business use (PBU). Internal Revenue Code Section 141(b)(6)(A) defines PBU as use (directly or indirectly) in a trade or business carried on by any person other than a governmental unit. PBU that exceeds the established limits may cause tax exempt bonds to become taxable to the bondholders. Extreme cases could jeopardize the University's non-profit status. Management carefully selects funding sources for construction and purchases of facilities while considering any future use for activities that could potentially result in PBU.

3. Taxable Debt

There are cases when capital projects do not qualify for tax exempt debt because of PBU, or Management has decided not to utilize tax exempt debt based on a cost benefit analysis. In either case, Management will consider all options including using taxable debt as a funding source.

4. Commercial Paper

The University has the option of utilizing commercial paper for short-term financing needs. The flexibility of commercial paper makes it advantageous for short-term needs such as financing projects in anticipation of long-term funding, financing equipment, or funding operating needs.

5. Endowment Borrowing

The University considers borrowing from its unrestricted Endowment as an option for funding if that option matches the needs of the University.

6. New Market Tax Credit

The New Market Tax Credit (NMTC) program incentivizes business and real estate investment in low-income communities of the United States via a federal tax credit. The program is administered by the U.S. Treasury Department's Community Development Financial Institutions (CDFI) Fund and allocated by local Community Development Entities (CDEs) across the United States. The University may receive a net cash benefit which can be used to fund certain capital projects which meet NMTC regulatory requirements.

7. Other Sources

The University is open to other types of funding sources which will be evaluated by Management on a case-by-case basis.

Risk Management

Management is responsible for determining the appropriate risk portfolio of the University that strategically balances risks and rewards. Management should assess additional factors including, but not limited to, interest rate risk as well as liquidity risk. The analysis can impact the life of the debt as well as selection of fixed or variable rates for financing. The University may also employ derivative contracts to hedge the perceived risk of debt financing. The University may utilize interest rate swaps to hedge interest rate risk on variable rate debt.

Debt Approval

Management should take a comprehensive approach to ensure that all pertinent scenarios are properly vetted prior to selecting a debt option and executing debt agreements. Additional approval is required prior to public debt issuance. Approval will be obtained by the University's Board of Trustees through a Board Resolution. Furthermore, if the University borrows from the Endowment, the Finance Committee and Board of Trustees must approve the transaction.

Refinancing

Management continuously monitors the current debt portfolio to identify opportunities to lower the cost of funding through refinancing of outstanding debt. Management may consult a financial advisor when deemed necessary before pursuing a refunding strategy for economic or legal reasons.

Debt Payments

Management ensures all debt payments are made in accordance with the debt service schedule as outlined in the original debt agreement. Payments are approved as necessary before being made. Furthermore, annual debt service payments are budgeted accordingly in the annual operating budget which is approved by the Board of Trustees. Modifications may be requested to payment terms as deemed necessary.

Post Issuance Compliance and Reporting

Most debt agreements require ongoing, regular reporting. The University is required to adhere to the debt agreements for all debt issuances. The Comptroller's Office prepares quarterly financial statements and covenant calculations, submits annual audited financial statements, and issues annual compliance memos on the Electronic Municipal Market Access (EMMA) system to comply with bond provisions. The University also submits financial information to Moody's on an annual basis. Moody's continues to monitor the rating level of the University and updates the rating on a periodic basis. Any special reporting requirements to financial institutions that are underwriting debt should also be adhered to based on the frequency set forth in the respective debt agreements.

Furthermore, the University continues to monitor all projects funded by tax exempt debt to ensure that the property or construction is not being utilized for PBU. If the use of the facility has changed to PBU, the University will take appropriate remedial action with respect to the nonqualified bonds as stipulated in Code of Federal Regulations (CFR) 1.141-12 and 1.145-2. As noted in U.S. Code Regulation 148, the University should not participate in municipal bond arbitrage which is defined as using any proceeds from bond issuance directly or indirectly to acquire higher yielding investments or replace funds which were used directly or indirectly to acquire higher yielding investments. Higher yielding investments refers to any investment property which produces a yield over the term of issue which is materially higher than the yield on the debt issued. The University may engage a financial consultant to compute any arbitrage payments due as deemed necessary.

Document Retention

The University must retain documentation related to debt to satisfy the record retention policies as noted within their various debt agreements. For bonds, the University must maintain all documentation to substantiate expenses for the life of the bond plus three years. Since 2009, the University maintains electronic images of all documentation through the Banner Document Management (BDM) system and stores documents on a shared cloud-based network drive which is backed up through an automated process.