



POLICY MANUAL

VOLUME VII

**Business and Finance
Policies**

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Volume VII
Finance & Accounting Policies

7.1 Accounting Policies

7.1.1 External Audits

An external auditor appointed by the Board of Trustees conducts an annual external audit of Lynn University's financial statements annually. The external audit firm partner shall be required to meet privately with the members of the Audit Committee of the Board of Trustees at least annually to discuss management.

7.1.2 Receipt of Funds

All Lynn University departments, units, offices, or organizations which receive funds relating to revenues, services rendered, travel reimbursements, or donations made to Lynn University are responsible for adhering to following policy governing financial transactions at Lynn University:

1. **Deposit Requirements:** All funds held for deposit must be kept in a secure location at all times. All payments received by a Lynn University employee or student organization are required to be deposited to the Business Office on a timely basis. Only departments or divisions given specific authority by the Business Office can accept credit cards.
2. **Bank Accounts:** Only the Board of Trustees may authorize bank accounts in Lynn University name. All requests for bank accounts and other banking transactions must be directed to the Vice President for Business and Finance.
3. **Removal of Funds from Lynn University:** No individual is authorized to remove money from the campus for safekeeping, or to use a cash fund to cash personal checks for themselves or others. Checks made payable to the University must be endorsed immediately by the Cashier Office and may not be assigned to any other party.
4. **Checks:** No checks are to be accepted which do not have imprinted on them the name and address of the account holder.

Evidence of non-compliance with these policies should be brought to the attention of the Vice President for Business and Finance. Non-compliance with these policies may be grounds for termination of employment.

7.1.3 Revenue Recognition

The following guidelines are provided to assist in the determination of whether a transaction creates revenue for Lynn University under Generally Accepted Accounting Principles. This policy applies to all transactions conducted in the ordinary course of business of Lynn University.

7.1.3.1 Definition of Revenue

Lynn University utilizes the definition of revenue from Paragraph 78 of the FASB Statement of Financial Accounting Concepts No. 6, "inflows or other enhancements of assets of an entity or settlements of its liabilities (or a combination of both) from delivering or producing goods,

rendering services, or other activities that constitute the entity's ongoing major or central operations.”

7.1.3.2 Tuition and Fees

Lynn University recognizes revenue from tuition and fees when earned (i.e., when classes begin) rather than when paid. Tuition and fees are recorded in the terms for which they relate. Deposits and prepayments of tuition and fees are recorded as deferred until the start of the term for which they are intended. Tuition is recorded in the financial statements net of discounts for scholarships.

7.1.3.3 Contribution Revenue

Contributions are recorded when the money is received. All contributions are available for unrestricted use unless specifically restricted by the donors. Conditional promises to give are not included as support until the conditions on which they depend are substantially met.

The University reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or purpose restriction is accomplished, the donor restriction expires. Temporarily restricted net assets are then released to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. When there are no explicit donor stipulations about how long those long-lived assets must be maintained, the University reports expirations of donor restrictions when the acquired long-lived assets are placed in service. Naming conditions typically associated with long-lived assets are deemed to be satisfied when the University demonstrates both the ability and intent to comply with those conditions.

7.1.3.4 Investment Revenue Definition

Lynn University carries securities with readily determinable fair values and debt securities at fair market value. Only limited partnerships and other investments whose market value is not readily discernible are carried at the lower of cost or fair value. Lynn University recognizes as unrealized gains (losses) the increases and decreases related to market changes. Lynn University further records investment income as interest, dividends, rents, royalties, and similar payments when earned. Lynn University records investment management fees as contra revenue, reducing the investment income.

7.1.3.5 Changes in the Value of Split-Interest Agreements

Split Interest arrangements, in which Lynn University receives benefits shared with other beneficiaries, are recorded at fair value when the executed gift document is received. Irrevocable split-interest agreements are recorded as intentions to give (pledges). Future distributions under split interest agreements are recorded at the present value of those estimated future distributions.

7.1.3.6 Exclusions from Revenue

Lynn University does not include as revenue:

1. Reimbursements of expenses such as an employee paying for a personal telephone call made from Lynn University in an emergency or repayment of a travel advance.

2. Funds received on behalf of others (true agency funds) for which Lynn University is acting on behalf of the other entity and ownership of the funds remains with the other entity. The determination of a true agency relationship shall be made by the Vice President for Business and Finance based on discretion as to the use of the funds.

7.2 Budget Policies

The University seeks to allocate resources most efficiently to achieve its goals. The University has a responsibility to submit annually a balanced fiscal budget to the Board of Trustees. The following policies outline the University's annual operating budget process.

7.2.1 Fiscal Year Budget

The fiscal budget presented to the Board of Trustees includes projections for all operating fund activity. Both during the fiscal year and at the close of the fiscal year, the Vice President for Business and Finance is responsible for preparing for the Board of Trustees, a comparison of budget to actual expenses and a projection for year-end results. The comparison will include a written explanation of variances.

7.2.1.1 Fiscal Budget Approval Process

The Vice President for Business and Finance will present the annual fiscal budget to the President before submission to the Board of Trustees for comment, adjustment, and approval. The Board of Trustees will review and approve the annual budget and submit it to the full Board of Trustees. The Board of Trustees will provide the final approval of the annual fiscal budget. See the Board of Trustees By-Laws for additional information.

7.2.1.2 Submission of Detailed Budgets

University departments and programs are responsible for submitting detailed operating budgets to the Vice President for Business and Finance in accordance with a schedule published annually.

7.2.2 Capital Project Budgets

For any type of project greater than or equal to \$10,000, a budget will be provided by the appropriate Vice President to the Vice President for Business and Finance. Budgets will include a summary of all appropriate expenses associated with the project and will include such expenses as utilities, interest expense, and project management. The budget when submitted will include the funding source for the project. The actual expenditures will be tracked against budget until the project is completed and placed in service.

7.2.3 Budget Accountability

The University's departments are responsible for the management of their budgets. The Finance department continuously monitors departmental expenditures. When necessary, appropriate steps are taken by the Finance department in concert with the Vice President of the relevant department to ensure adequate funding.

When overspending does occur the department is responsible for covering the excess expenditures. The Finance department notifies the Vice President for Business and Finance of the overspending

and then works with the relevant department or program to determine the appropriate funding source to cover the negative variance.

7.2.4 Budget Adjustments

Between the time the budget is approved by the Board of Trustees and the start of the fiscal year, there could be adjustments to the budget, due to increases or decreases in revenue and/or fiscal year expenses. Such adjustments are submitted by budget managers and reviewed by the Finance department prior to posting. These adjustments will be reported to the Board of Trustees.

7.2.5 Fiscal Year End Budgetary Transactions

At the end of the fiscal year, the Finance Department will close the budgeted funds by making the necessary transfers into reserve funds and ensuring that the funds are in balance (revenues equal expenses).

7.3 Finance Policies

7.3.1 Anti-Bribery

Lynn University requires that all employees, contractors, vendors, and any other third parties that work with or on behalf of the University comply with any kind, within or outside of the United States, notwithstanding any local practice, custom or convention, is strictly prohibited. The University prohibits anyone acting on its behalf to make any payments or provide anything of value to any person, including any foreign official, directly or indirectly, for the purpose of influencing an action or decision, inducing the person to do or refrain from doing any act, or securing an unfair advantage. This Policy applies to informal interactions as well as formal agreements.

Any contracts with or involving foreign officials must be in writing and reviewed by the Vice President for Business and Finance prior to execution of any such contract. Specific contract language and provisions are required by the University to address compliance with the Foreign Corrupt Practices Act and this Policy, including for contracts with third parties engaged by the University to represent its interests in another country.

Definitions

Anything of Value—includes not only cash or cash equivalents, but also trips and airfare upgrades, entertainment, donations, investment opportunities other than arm's length transactions for fair market value, an interest in a business venture, services, payment of medical, educational or living expenses, and transfer of information. The determination is not the retail value, but whether the recipient subjectively attaches value to the inducement.

Bribery—the offering of money, favors or other incentives to someone in a position of trust in order to induce or obtain preferential treatment or an unfair advantage. Guidance and additional information on the Foreign Corrupt Practices Act can be found at the U.S. Department of Justice website: <http://www.justice.gov/criminal/fraud/fcpa/> *Foreign Official*—means any official or employee of a foreign government, or any department, agency, or instrumentality thereof, or any public international organization, and includes agents acting in an official capacity for or on behalf of any such government, department, agency, or instrumentality, or public international organization.

Procedures

University employees must report any concerns with respect to this Policy to an immediate supervisor or to any member of the President's Cabinet. In addition, individuals may also make a report by following the procedures set forth in the University's Whistleblower Policy (see Volume III of the *Lynn University Policy Manual*).

Alleged violations will be promptly investigated. The Foreign Corrupt Practices Act imposes civil and criminal fines and penalties for violations of the law. Violators of this Policy may also be subject to University discipline up to and including termination.

7.3.2 Contract Policy

Only the President, as chief executive officer, and the Vice President for Business and Finance, as the chief financial officer, and their authorized designees have the authority and responsibility for the execution and delivery of contracts or agreements that bind Lynn University. This includes contracts and agreements for goods and services to be provided by the University as well as for goods and services to be provided to the University. Unauthorized University employees shall not sign any contract, agreement, license, purchase order, memorandum of understanding, lease, or any other potentially binding document on behalf of the University. Failure to comply with this limitation may result in personal liability as well as appropriate disciplinary action.

The University's General Counsel must approve all contracts and agreements binding the University. This includes academic program-related contracts, business contracts, and all contracts to retain workers as independent contractors.

7.3.3 Debt Policy

To fulfill its mission and strategic plans, Lynn University will need to make capital investments, driving capital decisions that impact Lynn University's credit. Appropriate financial leverage serves a useful role and may be considered a long-term component of Lynn University's balance sheet. Just as investments represent an integral component of Lynn University's assets, debt may be viewed to be a continuing component of Lynn University's liabilities. Debt, especially tax-exempt debt, provides a low-cost source of capital for Lynn University to fund capital investments to achieve its mission and strategic objectives. This Policy provides operating guidelines that should be followed when decisions will be made regarding the use of debt to finance particular capital projects.

7.3.4 Financial Transaction Authority

The Board of Trustees delegates to the President, the Vice President for Business and Finance, and their designees the authority to collect funds and to authorize payments on behalf of Lynn University. Any such payments or collections must be consistent with the policies and procedures of Lynn University and must adhere to reasonable and prudent business principles. All funds, regardless of the source or the manner in which they are acquired, are considered to be Lynn University funds.

Expenditure Authority

Lynn University employees who have been authorized as budget managers by the Vice President for Business and Finance are responsible for the adherence to published Lynn University policies and procedures in the expenditure of the funds under their management. Additional requirements may exist as a result of grant requirements, donor stipulations, or contract terms. Budget managers are responsible for compliance with any additional terms. Budget manager must comply with the University's Conflict of Interest Policy. As outlined in the Prohibited Transactions Policy below, no employee may expend Lynn University funds for personal gain.

Prohibited Transactions

Lynn University funds are to be used only to meet the mission of Lynn University. The Vice President for Business and Finance has the responsibility to determine minimum acceptable guidelines for expenditures. This Policy applies to all employees and student organizations in the expenditure of Lynn University funds and sets Lynn University's standard for prohibited transactions. Grants, contracts, and other activities may be subject to other requirements that may be more restrictive. Where other standards are more restrictive than Lynn University standards, the other standards will be followed.

Prohibited transactions include, but are not limited to, the following:

1. Expenditures for personal gain of employees or their families;
2. Payments of political contributions;
3. Purchase, rental, repairs, cleaning or laundering of clothing, including formal wear and academic attire, for personal use. Exceptions are made in the case of employees who are required by Lynn University to wear uniforms or personal protective equipment;
4. Expenditures for computers, other equipment or other items for personal use;
5. Payments or reimbursements for personal violations, fines, or stolen articles;
6. Payments or reimbursements for annual fees for personal credit cards;
7. Reimbursement of credit card delinquency assessments or interest or overdraft charges unless caused by Lynn University error. Requests for reimbursement of charges resulting from a Lynn University error require the signature of the Vice President for Business and Finance or a designee;
8. Purchases of gifts, flowers or greeting cards of a personal nature to employees unless approved by the President or the Vice President for Business and Finance;
9. Payments for personal membership in social, dining, airline and hotel clubs except as expressly approved by the President;
10. Reimbursements for use of personal airline miles/points for business related travel;
11. Reimbursement for personal travel expenses when a trip itinerary includes both personal and business-related travel;
12. Any purchases of a personal nature; and
13. Repair to or replacement of personal property of an employee.

Review of Expenditures

Budget managers are expected to conduct a review of all charges to their department on at least a monthly basis and to ensure that corrections are made in a timely manner. All corrections must be reported to the Vice President for Business and Finance.

Records

The Vice President for Business and Finance maintains the official financial records of Lynn University in accordance with the University's Record Retention Policy. Supplemental financial records may also be retained, but must be consistent with and reconcile to the official information maintained by the Vice President for Business and Finance.

Internal Controls

Internal controls are policies and procedures designed to safeguard assets, verify the accuracy and reliability of accounting information, promote operational efficiency, and ensure compliance with applicable laws and regulations. The Vice President for Business and Finance is responsible for the creation and implementation of Lynn University internal controls.

Revenue

Any request to establish a new revenue source or to substantially change the purpose of an existing revenue producing operation must be presented to the President's Cabinet appropriate financial and legal review and that it adheres to existing policy and law. The President's Cabinet will assure that the revenue source fits within Lynn University's mission and goals.

7.3.5 Post-Issuance Tax Exempt Bond Compliance

The use of tax-exempt debt plays an important role in funding a portion of Lynn University's capital projects. The University recognizes its legal obligation to ensure that this tax-exemption is used responsibly. This Policy provides the general guidelines and procedures the University follows to remain in compliance with federal income tax rules relating to Tax Exempt Bonds.

In order to maintain the debt status as tax-exempt, the University must comply with post-issuance debt requirements. Post-issuance compliance responsibilities include:

1. Tracking that proceeds of a debt issuance are spent on qualified tax-exempt debt purposes;
2. Maintaining detailed records of all expenditures and investments related to debt funds;
3. Ensuring the project financed is used in a manner consistent with the legal requirements;
4. Reviewing bond terms annually to adhere to bond covenants and post issuance requirements;
5. Ensuring that any space in debt-financed buildings allocated to Private Business Use does not exceed the legal limits
6. Complying with arbitrage rebate requirements under federal tax regulations; and
7. Providing necessary disclosure information regarding financial and operating status annually.

Definitions

Applicable Federal Law – Includes the Internal Revenue Code (IRC) and regulations promulgated thereunder, including IRC sections 103, 141, 147-150 and related regulations. Note:

IRS publication 4079, Tax-Exempt Governmental Bonds Compliance Guide provides guidance and explanation for most areas of tax-exempt financing relevant to the University.

Arbitrage – Investment earnings on bond proceeds in excess of the bond interest paid to bondholders, adjusted for certain expenses.

Basic research – An original investigation for the advancement of scientific knowledge not having a specific commercial objective (see IRS Rev. Proc. 2007-47).

External Party – Any person other than a member of the University faculty, staff, or student body.

Management Contract – A management, service, or incentive payment contract between the University and a service provider under which the service provider provides services involving all, a portion of, or any function of, a facility.

Non-Exempt Person – The federal government, any agency or department of the federal government, any nonprofit corporation and any other firm, corporation, partnership, or entity that is not a state or local governmental unit.

Private Business Use – use in a Trade or Business carried on by or for the benefit of any Non-Exempt Person. Private Business Use does not include use of a facility by a member of the general public where the facility is open to the public and the user has no special legal entitlement to use of the facility.

Qualified User - A state or local governmental unit.

Safe Harbor – A provision that shields a party from liability under the law provided that certain conditions are met. IRS regulations and revenue procedures contain several safe harbors relating to activities which could generate private business use, the most important of which pertain to management contracts and research contracts.

Service Provider - Any person other than a qualified user that provides services under a contract to, or for the benefit of, a qualified user. Common service providers include food vendors and facilities managers.

Tax-exempt Bonds – valid debt obligations of state and local governments, referred to as “issuers”, which provide tax-exempt interest. Interest paid to bondholders is not includable in their gross income for federal income tax purposes. The tax-exempt status remains throughout the life of the bonds provided that all applicable federal tax laws are satisfied. The University issues its tax-exempt debt through the Palm Beach County Educational Facilities Authority, a local government entity established to provide a conduit for educational institutions to issue tax-exempt financing.

Trade or Business – Any activity carried on by a Non-Exempt Person other than an individual acting as a member of the general public.

Procedures and Guidelines

Responsibility

The Vice President for Business and Finance has overall responsibility for bond compliance for the University, including but not limited to monitoring the use of Tax-Exempt Bond proceeds (including investment earnings and reimbursement of expenditures made before bond issuance) and the use of Bond-financed or refinanced assets (e.g., facilities, furnishings or equipment) throughout the term of the Bonds to ensure compliance with covenants and restrictions set forth

in the Tax Certificate. The Vice President for Business and Finance shall be knowledgeable and versed in matters of bond financing and compliance. Training and resources in subject matter can be obtained through organizations such as NACUBO or bond consultant companies.

Records Management

Basic records relating to any debt transaction are maintained as well as documentation evidencing the: expenditure of debt proceeds; use of debt-financed property; and sources of payment or security for the debt.

Documentation pertaining to any investment of debt proceeds is retained. All relevant records and contracts shall be maintained as described below.

The University will maintain the following documents for the term of each issue of Bonds (including refunding Bonds, if any) plus at least three years:

1. A copy of the Bond closing transcript(s) and other relevant documentation delivered to the Borrower at or in connection with closing of the issue of Bonds;
2. A copy of all material documents relating to capital expenditures financed or refinanced by Bond proceeds, including (without limitation) construction contracts, purchase orders, invoices, trustee requisitions, and payment records, as well as documents relating to costs reimbursed with Bond proceeds and records identifying the assets or portion of assets that are financed or refinanced with Bond proceeds, including a final allocation of Bond proceeds and the Final Completion Report filed pursuant to the Loan Agreement; and
3. A copy of all records of investments, investment agreements, arbitrage reports, and underlying documents, including trustee statements, in connection with any investment agreements, and copies of all bidding documents, if any.

The University seeks to comply with regulatory records retention requirements. Federal regulations provide that records relating to a tax-exempt debt transaction should be retained for so long as they are material in the administration of any federal tax law. Therefore, it is recommended that material records be kept for the life of the debt, including any refunding of the debt, plus three years.

Private Business Use

Where tax-exempt debt is used to finance the construction or acquisition of facilities and capital equipment, the University must comply with IRS laws and regulations applicable to Private Business Use. Pursuant to the Private Business Use test set forth at 26 USC §141, the tax-exempt status of a bond issuance is jeopardized if more than 5% of the proceeds are used for Private Business Use (the applicable limit is 5% for bonds issued for the benefit of University-related Foundations and other 501(c)(3) affiliates).

Each debt issuance is subject to a limitation on the amount of “private use” permitted in the facilities funded by that issuance. The applicable limit is 5% for qualified 501(c)(3) debt issued on behalf of University-related foundations. After completion of the financed project, the Vice President for Business and Finance is responsible for ensuring that Private Business Use in the facility remains below the applicable limit for as long as the debt (including any refundings) remains outstanding. If the actual Private Business Use of the facility is determined to exceed the applicable legal limits, remedial action will be required.

The University's debt-financing program will comply with all IRS laws and regulations applicable to Private Business Use in tax-exempt financed facilities.

The Vice President for Business and Finance is responsible for ensuring that any space in debt-financed buildings allocated to Private Business Use does not exceed the legal limits.

For new capital projects, if debt financing is a component of the business plan, the Vice President for Business and Finance, along with appropriate managers, should indicate in the request whether Private Business Use may occur in the planned new space. If so indicated, the Vice President for Business and Finance (or designee) must perform a private use analysis prior to recommendation of the business plan to the Board of Trustees. Where the project is partially funded by tax-exempt bonds, the percentage of that funding to the total capital project cost should first be calculated when performing the private use analysis. The Vice President for Business and Finance will work to ensure that the reasonably expected Private Business Use will not exceed the applicable legal limit. If the expected Private Business Use of the facility will cause the debt issuance to exceed the applicable limit, the facility may be required to be financed with taxable debt, which carries a higher borrowing cost.

Types of Private Business Use: Most Private Business Use in a tax-exempt financed facility arises from five types of arrangements:

Ownership: A sale or transfer of ownership to a Non-Governmental Person of tax-exempt financed property. Ownership is determined under federal income tax principles.

Leases: Any arrangement that is properly characterized for federal income tax purposes as a lease to a Non-Governmental Person.

Management Contracts: A management contract is any arrangement whereby a Non-Governmental Person actively manages the operations of a facility. Management contracts include, for example, contracts for dining services, facility management, or bookstore. However, there are exceptions for certain contracts meeting the Safe Harbors set forth in Rev. Proc. 97-13. In order to meet the Safe Harbors, the contract must provide for reasonable compensation to the Non-Governmental Person for services rendered with no compensation based in whole or in part on a share of net profits. Arrangements that generally are not treated as net profit arrangements and therefore satisfy the Safe Harbor requirements include contracts for a percentage of gross revenues or expenses (but not both), or a per person or per unit fee. Management contracts must be analyzed in advance by the Vice President for Business and Finance for their impact on tax-exempt financed facilities.

Research Agreements: Sponsored research by a Non-Governmental Person (including the federal government and its agencies) may result in Private Business Use unless the terms of the sponsorship agreement meet the Safe Harbors set forth in Rev. Proc. 2007-47. In general, sponsored research will not result in Private Business Use if: (i) the research in question is properly characterized as Basic Research; (ii) the University's licensing of the resulting technology to the sponsor is on terms no more favorable than those the University would extend to an unrelated, non-sponsoring party; and (iii) the price paid for that license is determined at the time the resulting technology is available for use. Additional exceptions (as described in Rev. Proc. 2007-47) apply for federally sponsored research and industry-sponsored cooperative research agreements.

Other Actual or Beneficial Use: Any other arrangement that conveys special legal entitlements to a Non-Governmental Person for beneficial use of tax-exempt financed property, such as an arrangement that conveys priority rights to use a tax-exempt financed facility, will result in Private Business Use. Examples of such “special legal entitlements” include summer camps having the exclusive right to use an athletic facility, specially designed courses open only to one company, or use of a parking garage for a private event.

Arbitrage and Rebate

Tax-Exempt Bonds lose their tax-exempt status if they are classified as “arbitrage bonds.” In general, arbitrage occurs when the gross proceeds of a bond issue are used to acquire investments that earn a yield higher than the interest payable to the bondholders. In these situations, the IRS assesses a penalty equal to one hundred percent (100%) of the excess earnings. Certain exceptions are provided in the regulations and are not restated in this Policy. The University will comply with the arbitrage requirements in Section 148 of the Internal Revenue Code. If it is determined that rebate is due, the Vice President for Business and Finance will make any required payments to the IRS.

Remedial Action

If any violations of federal tax requirements are discovered in the process of auditing all projects financed, the University will correct them in a timely manner in compliance with IRS Regulations through the tax-exempt bonds voluntary closing agreement program or self-remediation methods.

Credit Enhancement or Other Agreements Relating to Bonds

The University will consult with bond counsel prior to the extension or alteration of any credit enhancement relating to the University’s Tax-Exempt Bonds. The University will also consult with bond counsel prior to investing bond proceeds in guaranteed investment contracts or derivative products which relate to Tax-Exempt Bonds.

Disclosure Information

The University will comply with continuing disclosure requirements as stated in the bond documents. The University will file, or cause to be filed, all Form 990s and other tax returns within the time periods specified. The University will consult with its auditors and bond counsel, as appropriate, to ensure the accuracy of all information relating to tax-exempt debt.

7.3.6 Procurement Policies

Purchasing decisions are business decisions made on behalf of the University and therefore should be made with the utmost consideration for what is in the best interest of the University. Purchases also need to be made in the most efficient, sustainable, and cost effective manner. The following policy and procedure ensures that appropriate business processes occur when dealing with outside vendors.

Lynn University’s Procurement Department is responsible for setting the overall strategy regarding how purchases should be made, as well as strategically sourcing on behalf of the University. However, considerable authority has been delegated by the purchasing department to individuals within departments to make purchasing decisions. Designees are expected to attend all associated

training classes for these roles and must follow the University's purchasing procedures and guidelines.

7.3.6.1 Spending Policies

The Procurement Department and Accounts Payable Office help manage the expenditures made in procuring the goods and services required by the Institution. The Procurement Department has the sole responsibility to commit University funds and for making the final decision of sources of supply, quantities ordered, delivery schedules, and price negotiations, except where others are so authorized by the President or Vice President for Business and Finance. These decisions will be made in conjunction with the appropriate departments. Accounts Payable is responsible for paying the University's bills and travel expenses and for monitoring all purchases for compliance with applicable policies and procedures.

Purchase Orders and Expenditure Requests are the official order, therefore it should contain an exact description of the goods or services required and must be approved by the Procurement Department *before* the supplier ships the order. Following the policies and procedures will allow you to monitor your budgets more accurately and suppliers will be paid in a timely manner.

Every expenditure must be prudent and directly benefit Lynn University.

Lynn University will assume no liability for the payment of purchases, which were not made through approved purchasing procedures.

Each employee who has budgetary authority to order goods and services should do so with the full knowledge of the responsibility this entails. Anyone committing funds in the name of the University without an approved Expenditure Request or Purchase Order does so at his/her own financial risk.

7.3.6.1.1 General Procurement Policy

Scope

This policy defines the process for procuring goods and services at Lynn University. This policy is developed and distributed to guide procurement activity throughout the institution in accordance with federal and state laws and good business practice.

Policy

When considering the purchase of goods and services on behalf of the University, authorized employees should select the best combination of price, quality and service to meet the specific needs of the programs. The lowest-priced goods and services should be selected among those with adequate quality and service for the specific need.

Individuals authorized to purchase goods and services must follow procurement requirements and good business practices as described in this policy. The Procurement department in the Finance Office is the designated focus for all procurement activities for the University. This policy has been developed and distributed to guide this activity throughout Lynn University in accordance with institutional requirements and good business practice.

General

1. Authorized individuals may use one of three methods to purchase goods and services, depending on the item being purchased and the size of the transaction:

- a. Purchase Order;
 - b. Procurement Credit Card;
 - c. Petty Cash – maximum amount \$50.00.
2. Generally, the most cost-effective purchasing method is the VISA purchasing card. Purchases of \$1,000 or greater should be initiated as a requisition for a regular purchase order, or may be procured on the P-Card if card limits and authorization permits, and procedures for credit card use are meticulously followed.

The role of the Procurement department is to oversee Lynn’s purchasing process to insure the best price, quality and service for required goods and services based on the needs of the University’s programs, and to promote compliance with University policy. Only the Procurement department may issue purchase orders.

- a. Individuals authorized to use the VISA purchasing card may buy goods and services covered by that card in amounts up to the limit of the individual's card.
- b. Requisitions may be initiated by an authorized University employee. A department administrator, dean, chairman or their designee must authorize a requisition prior to its receipt by Procurement, which also must approve the requisition before creating a purchase order. Additional authorization for requisitions over \$3000.00 must be authorized by the appropriate Vice President.
- c. Petty-cash may be used on an exception basis for small amounts not to exceed \$50.00.
- d. All legal documents and contracts, such as research contracts, affiliate agreements, technology transfer agreements, licenses, deeds, leases, other contracts, etc. - between the University and another party must be reviewed and approved by University General Counsel and signed by the President of Lynn University or his designee.
- e. The University, under federal tax code is not required to pay federal, state, or local taxes on purchases of goods or services. Lynn University’s tax exempt number should be provided to approved vendors.
- f. Prepayments for goods and services not received are not allowed. Requisitions with extenuating circumstances that require prepayment for all or part of the purchase price must be approved by the Director of Purchasing for transactions less than or equal to \$3,000.00, and by the Vice President of Finance for all transactions in excess of \$3,000.00.
- g. Purchase orders for goods and services in excess of \$10,000.00 must be accompanied by three written bids. Documented use of University-wide strategic partnership contracts or consortium contracts will be deemed to meet this requirement. (see Vendor Selection policy.)

In general, good business practice separates the duties of purchasing goods and services from authorizing payment by distributing the duties among two or more people. Departments are expected to assign duties accordingly. If staff limitations compel one person to be responsible

for the buying and the receiving of goods and services, a departmental supervisor must accept responsibility for monitoring and verifying the transactions.

1. Gifts- Expenses for flowers, fruit baskets, and other gifts are unallowable expenses in accordance with federal costing principles. University funds may not be used to purchase personal gifts for any individual recognition.
2. All individuals authorized to procure goods and services on behalf of Lynn University will observe and be in compliance with ethical purchasing practices as defined by the National Association of Educational Procurement Code of Ethics and good business practices.
3. When discussions arise between vendors and other University departments, all personnel involved in the acquisition process will only discuss the specifics of applicable policies and standard procedures as they impact specific orders.
4. To protect a vendor's right to confidentiality and the University's access to the lowest prices, competitive vendors must not be told the prices, terms and conditions quoted by other vendors. Requisitioners must respect the same degree of absolute confidentiality.
5. A business meal may not be paid for by a vendor except in the following situations:
 - a. When individuals authorized to issue purchase orders visit the vendor's business as part of an investigation of a vendor's capability to service the University, or to review a new product or new facilities, or;
 - b. When individuals perceive that continuing discussions with a vendor through mealtime has particular merit, they may continue the meeting at the expense of the vendor or the expense of the authorized employee. Individuals authorized to incur meal expenses will receive reimbursement from the department's budget.
6. All personnel involved in the procurement process who place purchase orders with vendors that employ members of their families, or in which they or members of their families have a substantial financial interest, must report this information to the Vice President of Finance prior to processing a requisition for a purchase order. Any situation that compromises, or appears to compromise, any personnel involved in the procurement process must be immediately reported to the Director of Purchasing, and the Vice President of Finance.

7.3.6.1.2 Vendor Selection Policy

Scope: This policy provides guidance to for selecting vendors to be sources of supply for goods and/or services to Lynn University. This Policy focuses on the following areas: strategic partner vendors, consortium contract vendors, small and disadvantaged vendors, cost/price analysis and the concept of reasonableness of cost (the bidding process).

Criteria for Evaluating a Vendor: Certain basic evaluations must be considered when evaluating a vendor, including:

1. The vendor provides the best mix of quality, service and price for the specified University need. Lynn University requires that the lowest price have priority, unless quality, service or delivery time takes priority as to need;
2. The vendor has the financial stability, size and service infrastructure to be capable of meeting the University's needs;

3. The product quality and performance reputation of the vendor is acceptable in the context of University use;
4. The vendor warranty, service reliability and format, shipping or delivery procedures, and terms and conditions of sale protect University interests;
5. The vendor is given preference, to the extent practical and economically feasible, for products and services that conserve natural resources, are energy efficient and protect the environment. This is a federal requirement; and
6. The vendor is given preference, to the extent practical and economically feasible, for products and services available locally to enhance town & gown relations, and support the local and state economy.

In addition, the University may prohibit the use of certain vendors if past experience, legal action, or other factors warrant exclusion.

Vendor Selection Criteria: The Purchasing Department has established relationships with a select group of vendors, Strategic Partners, based on a thorough evaluation of users' needs and a thorough evaluation of the potential vendors in that area. In addition, the University is a member of several Purchasing Consortiums that entitle the University to pre-negotiated discounts for goods and/or services supplied by a Consortium Contract Vendor, where applicable. In both cases, these vendors have agreed to provide the best mix of quality, service and price to Lynn in exchange for a commitment to work together whenever possible throughout the life of the relationship. Accordingly, if a Strategic Partnership or Consortium Contract Vendor exists for specific goods and services, the University strongly prefers that the vendor be selected for applicable transactions.

Purchases for which a Strategic Partner or Consortium Contract Vendor are not available must follow the Competitive Bid Procedures below.

To the extent an Authorized Individual (i.e. person with appropriate authorization to purchase goods and services on behalf of the University) believes that it would not be prudent to utilize a Strategic Partnership or Consortium Contract Vendor, a business case that supports the basis of that decision should be submitted to the Procurement Department for review.

Competitive Bidding: The University requires the following when evaluating vendors other than a Strategic Partner or Consortium Contract Vendors:

- Oral bids from three or more vendors for purchases between \$ 2,000 and \$9,999; and
- Written bids from three or more vendors for purchases equal to or greater than \$10,000.

NOTE: A response of 'no bid' or no response from a supplier does not meet the requirement for three or more written bids for a purchase equal to or greater than \$10,000.

Sole/Single Source Justification: The Federal Acquisition Regulation (FAR) and Office of Management & Budget (OMB) Circular A-110 provide guidelines for procurement standards that require a bidding process when selecting a vendor. Justification is required for purchases made without such a process. The requisitioner must complete a Sole/Single Source Justification form. It may be determined that insufficient evidence has been provided to justify the requisitioner's instructions to buy from a sole or single source. In that case, details of the

transaction, together with details of possible alternatives, may be sent to the Vice President of Finance for specific approval prior to issuing the order.

The Competitive Bid Process is as follows:

1. **Bid Specifications and Distribution:** Specifications for items to be bid shall be provided to the Procurement Department by the Authorized Individual. At this time, the Procurement Department may provide suggestions/recommendations for substitute items of the same or similar quality. Once the bid specifications have been finalized, the Procurement Department will use this information to prepare the Request for Proposal (“RFP”) or Request for Quote (“RFQ”) in accordance with the National Association of Educational Procurement guidelines and code of ethics and deliver to the finalized list of approved bidders. The list of approved bidders will be determined collaboratively by the Authorized Individual and the Procurement Department. This serves to ensure that the list of prospective bidders includes a cross section of candidates such as strategic partners and consortium vendors, if applicable. Once complete, the Procurement Department will deliver the RFP/RFQ to the final list of authorized bidders. RFP/RFQs will specifically note that all responses are to be returned directly to the attention of the Procurement Department. Once the RFP/RFQ has been distributed no further meetings should be scheduled with vendors and no changes should be made to the RFP/RFQ by anyone other than the Procurement Department.
2. **Bid Summary and Related Documentation:** After the bids have been returned to the University, the Procurement Department will prepare a Bid Summary and distribute the summary along with the submitted bid documents to the Authorized Individual for review.
3. **Bid Selection/Award:** Once the Authorized Individual has had appropriate time to review the bid information, a “preliminary selection” should be forwarded to the Procurement Department for review along with a documented Vendor Evaluation. The evaluation should provide an explanation of the vendors and goods and services selected as well as the business case for awarding any part of the order to a vendor other than the lowest cost provider. The evaluation should also identify any known personal interest or relationship of any Lynn University employee in the enterprise under evaluation. To prevent any conflict of interest between vendors and those involved in the procurement process, consult the guidelines on ethical practice (General Procurement Policy). Again, the Procurement Department may provide suggestions/recommendations for substitute items of the same or similar quality. For larger purchases, including items like furniture, course/laboratory equipment and technology/audio visual requirements, a special meeting may be scheduled to evaluate the various purchase options taking into consideration compatibility, longevity, productivity and overall life cycle costs.
4. **Award Communication:** Once the bid winner(s) and item selections have been agreed upon and finalized, the Authorized Individual should initiate a Requisition for the final list of products/services specified and the associated vendors. Once complete, the Requisition will be reviewed by the Procurement Department to ensure that it is in agreement with the finalized list of goods and/or services to be purchased and if appropriate budgetary funds are available, a Purchase Order will be generated and sent to the applicable vendor and Authorized Individual to confirm the order. A Lynn University Purchase Order or a Procurement department authorized Strategic Partnership Contract release are the only methods of initiating an order, thus a financial commitment to a vendor. All contracts must be

reviewed and authorized by the Lynn University General Counsel and signed by the President of the University or his/her designee. Authorized Individual(s) should not communicate awards directly with the vendors for any reason, nor should they sign any contract on behalf of the University or their department.

Small and Disadvantaged/Minority Vendors: The University is committed to the support of small, disadvantaged, minority and/or women- owned vendors. It is recommended that those units engaged in the purchasing function should encourage the use of small, disadvantaged, minority and enterprises owned by women as vendors whenever they are willing and able to compete for University business under the same terms and conditions as defined for all vendors.

7.3.6.1.3 Sales Tax

Lynn University, under the federal tax code, is not required to pay federal, state or local taxes on purchases of goods and services. All authorized individuals should provide Lynn's tax- exempt number to approved vendors.

7.3.6.1.4 Authorized Signatures for Agreements, Contracts, Licenses

A contract is established based on the results of a formal competitive bid process managed by the Procurement section of Finance. The vendor(s) that are awarded contracts are determined to represent the best overall value to Lynn University. Department/school representatives may be involved in the evaluation and decision making process. All legal documents - such as research contracts, affiliate agreements, technology transfer agreements, licenses, deeds, leases, other contracts, etc. - between the University and another party must be reviewed and approved by University General Counsel and signed by the President of Lynn University or his designee.

The authority to sign contracts is governed by General Counsel and the Office of Finance. Once reviewed and approved by General Counsel, contracts may only be signed by the President (or the Vice President of Finance). Individuals may not sign contracts on behalf of the University unless they have the authority to do so in accordance with this Policy. For the purposes of this Policy, signatures include both physical signatures in ink and electronic signatures commonly identified as "click-through" agreements that acknowledge the acceptance of, or agreement to terms and conditions.

In accordance with this Policy and in addition to an authorized contract, an official Purchase Order is the legal document that governs the transaction and properly protects the department/school and University. The terms and conditions set by the University and agreed to by the supplier specify each party's rights and obligations.

University departments/schools are not authorized to establish direct billing accounts, house accounts, or credit cards with vendors in the name of Lynn University. Departments/schools are not authorized to accept offers for credit cards, charge accounts, or house accounts from vendors who increasingly send such advertisements to departments/schools. The University official credit card programs are administered by the Procurement section of Finance.

7.3.6.1.5 Expenditure Request Procedures

1. Department:
 - a. Employee prepares and signs a Lynn University Purchase Order form, and forwards it to the department budget manager via ImageNow.

- b. Departmental budget officer examines the Expenditure Request checking for:
 - i. Completion of all necessary information (Account/Sub account/etc.);
 - ii. Proper classification as:
 - (1) Purchase Order;
 - (2) Check Request;
 - (3) Reimbursement;
 - (4) Inter-department; or
 - (5) Other.
 - iii. Available budget funds;
 - c. Departmental budget officer approves the Lynn University Expenditure Request with a digital stamp, and
 - d. Forwards Expenditure Request to Purchasing Department via ImageNow.
2. Procurement:
- a. Receives Expenditure Request;
 - b. The Purchasing Agent:
 - i. Reviews Expenditure Request, returns it to Department Head if incomplete;
 - ii. Forwards Expenditure Request over \$100.00 to the Director of Procurement;
 - iii. Approves and processes Expenditure Request under \$100.00 (except for reimbursement);
 - iv. Approves and processes the Inter-department request;
 - v. Sends copy of approved Expenditure Request to Department when requested;
 - vi. Mails original Purchase Order when needed to the applicable Department, or notifies the Department;
 - vii. Assigns a Purchase Order Number;
 - viii. Receives products/services from Vendor;
 - ix. Routes received items to Department and records shipping slip in Image Now.
3. Director of Procurement:
- a. Signs *Check Request* Expenditure and send it to Accounts Payable Office;
 - b. Reroutes any *Expenditure Request* over \$5,000.00, to the Vice President for Finance if it has not already been approved;
 - c. Approves *Purchase orders* and records them into the Jenzabar Purchasing module; and
 - d. Authorizes emergency shopping by Department with corresponding *Expenditure Request (Other,)* using the Institution's credit cards for the particular vendor when available.
4. Department:

- a. Receives products/services from vendor;
- c. Signs shipping slip and routes it to Procurement.

Note: Once a Purchase Order has been generated by Procurement based on the approved Expenditure Request, there is no need to prepare a second check request for payment when the invoice for the service or product arrives. Simply indicate on the invoice the purchase order number with a signature showing authorization for payment and if the invoice represents full or partial payment.

The only time it is necessary to prepare an extra Check Request is in the event that the invoice amount exceeds the Purchase Order amount by more than 5%. In this case the additional Check Request must have all the necessary approvals.

5. Accounts Payable:

- b. Receives the approved *Expenditure Request (Check Request) - (Purchase Order) - (Other)* from the Procurement Department;
- c. Receives invoice from Procurement Department, Vendor or Department;
- d. Notifies the Procurement Department of any discrepancy between the invoice and approved *Expenditure Request*;
- e. Verifies that signature of person receiving the order appears in the corresponding shipping slip;
- f. Enters invoice into the Jenzabar Accounts Payable Module; and
- g. Generates check for payment every week from completed requests submitted no later than Monday of the same week.

Responsibility for Obtaining Pre-approvals

Every commitment made by the University for materials or services must follow the procedures outlined in this policy.

Employees are responsible for obtaining approvals from the head of the department before forwarding requisitions to the Procurement Department.

If any department purchases any supplies, materials, or equipment contrary to the provisions established under the Purchasing Policies Guide, the head of such department and the employee actually making such purchases shall be personally liable for the costs of such expense.

7.3.6.1.6 Emergency Purchases

Situations may occur when a department needs products or services unexpectedly.

For purchasing purposes an emergency is an event in which damage to University facilities, personnel, or serious damage to University programs will result if prompt action is not taken.

Purchases will be processed as emergencies only when Procurement determines that it is necessary, based on your explanation.

Emergency purchases are generally not economical and should be held to an absolute minimum. Departments should plan ahead and allow adequate time for purchasing and delivery.

The Purchasing Office must always be informed prior to any departmental or individual procurement outside the University's normal procedures. If the emergency occurs on weekends or after hours, an e-mail should be sent to the Purchasing Director explaining the situation.

Any individual ordering materials or services without following procedures and not using an expenditure request prescribed under these policies shall be liable for the costs thereof.

7.3.6.1.7 Capital Purchases

All capital purchases will be conducted in accordance with the competitive bidding policy outlined in this volume.

7.3.6.1.8 Sales Tax Exemption

Since Lynn University (a non-profit educational Institution) is exempt by law from paying Florida sales tax, the Accounts Payable Office will not reimburse sales tax.

All purchases should be tax exempt. If sales tax has been charged by error, please contact the vendor to credit the sales tax back to the University.

The Purchasing Department or the Accounts Payable office can provide you with the number or a copy of the following Sales Tax Exemption certificates:

1. Federal Income tax Exemption Certificate; and
2. State of Florida, Sales Tax Exemption Certificate.

Note: Purchases made by an individual on behalf of the organization are taxable, even if the individual will be reimbursed by the organization.

All tax-exempt purchases must be paid for by either a Lynn University's credit card or official University check.

7.3.6.1.9 Printing and Publication

Consult with the Marketing Department for their advice when ordering or printing any publication intended to represent the University to the public.

Printing suppliers for items such as magazines, books, brochures, invitations, etc. are selected by the Marketing Department and ordered directly without Purchasing Department authorization.

Business Cards, Letterheads, envelopes, and printing material for on campus communication should be forwarded to the Purchasing Department.

When ordering business cards or name tags forward the request to Employee Services. Employee Services will verify that name and title are correct and then send it to Purchasing.

7.3.6.1.10 Computer Equipment and Software

Expenditure Requests related to computer equipment and software should be not only signed and approved by the Department Head, but, also by the Chief Information Officer.

The following items can be obtained directly from the Purchasing Department with the corresponding Lynn University Expenditure Request marked *Interdepartment*:

1. Coffee and supplies;
2. Stationary;

3. Copy paper; and
4. All other paper goods.

7.3.6.1.11 Payments to Non-Resident Aliens

All payments for services performed for the University in the United States by non-resident aliens are reportable to the IRS, and may be taxable. All payments for non-employee services will be subject to withholding at the statutory rate. However, the alien may be able to claim an exemption from this withholding if there is a tax treaty provision between the US and the alien's country of citizenship.

Note: Payments will not be made to individuals who are subject to U.S. economic or trade sanctions per the U.S. Office of Foreign Assets Control (OFAC). Individuals subject to such sanctions are listed on OFAC's Specially Designated Nationals List (SDN). Departments proposing to make payments to non-resident aliens must check this list in advance of making payment arrangements.

7.3.6.1.12 Gifts and Gratuities

It is the policy of the Procurement Department and Accounts Payable Office, as well as other related personnel of the University to decline personal gifts or gratuities in connection with the purchasing function. Procurement Office staff may not accept personal gifts or gratuities from any current or potential supplier of goods or services to the University.

7.3.6.1.13 Conflict of Interest

The University as a general rule does not enter into purchasing contracts with students, faculty and staff or members of their immediate families or household. Acquisitions from a business in which an employee has an interest is prohibited unless full disclosure of the background facts are presented in writing to the Procurement department. Interest is deemed present if the employee and/or his or her spouse, non-emancipated minor children, or member of the employee's immediate household own ten percent or more of the assets of a business.

The only exception to this policy is in situations where there is positive proof that the employee will not benefit either monetarily, or by any other means, and the University will benefit as a result of the transaction.

7.3.6.1.14 Gifts Cards and Certificates

In compliance with IRS guidelines, gift certificates and gifts cards that are approved exceptions to policy and authorized to be purchased by any means and charged to a University or departmental budget are treated as taxable income to the recipient and must be reported to the IRS. A University Employee ID number is required for any member of the University community receiving a gift, prize, or award utilizing University funds.

7.3.6.1.15 End of Fiscal Year Purchases

The cutoff date for Expenditure Requests is June 5. This means that individuals desiring to have the current year's budget charged, must place the Expenditure Request as early as possible. Because of processing time, Expenditure Requests received after June 5 will generally result in a charge to next year's budget.

7.3.6.1.16 Damaged Deliveries, Mistakes and Returns

Damage: In cases of damage of shipment, a written report must be submitted immediately to the Purchasing Department, with following details: Purchase Order number; date; vendor; and extent of damage. Government regulations require the University to file claims within a specific number of days. Failure to comply with these regulations could result in disallowance of the claim.

Mistakes: Mistakes in shipping must be reported promptly in writing to the Purchasing Department, referring to the Purchase Order number and vendor involved. Departments must give sufficient detail concerning the mistake so that the Purchasing Department may take steps to correct the error with the vendor.

Returns: When a vendor has shipped items as specified on a Purchase Order, they have legally complied with their part of the contract and are under no obligation to accept for credit any of those items delivered as specified. Acceptance of a return by a vendor is by no means automatic, and a restocking charge may be incurred. This charge will be assessed to the requisitioning department. Requests for permission to return supplies or equipment to the vendor for adjustment or credit must be cleared through the Purchasing Department.

7.3.6.1.17 Errors in Quotations

Vendors are responsible for the accuracy of their bids. Simple math errors may be corrected without disqualifying the proposal. More serious errors and/or omissions may result in rejection of the quote. If the vendor changes or withdraws the quote after the issuance of a Purchase Order, the order may be cancelled if this is deemed in the best interests of the University. Any quotes which are tendered past the bid deadline may be rejected. Price quotations are confidential documents and are not to be shared with any other vendor or unauthorized person.

7.3.6.1.18 Demonstration or Sample Items

Departments or individuals desiring to test samples or have equipment demonstrated must contact the Purchasing Department with their requirements. The Purchasing Department will make suitable arrangements with a qualified vendor. It is essential that the vendor understand Lynn University is not making a commitment to purchase by evaluating its equipment.

7.3.6.1.19 Insurance and Safety Requirements

Prior to the start of any work or service on the University's campus, the vendor must provide evidence of suitable insurance coverage. Purchasing will request Certificate of Insurance. Lack of required coverage will disqualify the vendor from performing work for the University.

7.3.6.1.20 Service Contracts

Some equipment needs to be covered by service contracts in order to assure continuing efficient operation. Any forms required by the vendor must be signed by the Purchasing Department and forwarded to the vendor with a Purchase Order.

7.3.6.1.21 Code of Ethics - National Association of Educational Procurement

The Purchasing Department and Accounts Payable Office subscribes to the National Association of Educational Procurement, (NAEP) code of ethics which provides for the following:

- To give first consideration to the objectives and policies of the University;
- To strive to obtain the maximum ultimate value of each dollar of expenditure;
- To cooperate with trade and industrial associations, governmental and private agencies engaged in the promotion and development of sound business methods;
- To demand honesty in sales representation whether offered through the medium of a verbal or written statement, and advertisement, or a sample of the product;
- To decline personal gifts or gratuities;
- To grant all competitive bidders equal consideration, to regard each transaction on its own merits;
- To foster and promote fair, ethical and legal trade practice;
- To use only by consent original ideas and designs devised by one vendor for competitive purchasing purposes;
- To be willing to submit to arbitration any major controversies;
- To accord a prompt and courteous reception insofar as conditions permit to all who call on legitimate business missions; and
- To counsel and cooperate with NAEB members and to promote a spirit of unity among them.

7.3.7 Travel and Business Expenses Policy

The University's Travel and Business Expenses Policy provides guidelines for the authorization and reimbursement of all reasonable travel, entertainment and business expenses incurred by employees while conducting Lynn University business.

Lynn University employees will be reimbursed for actual and necessary expenses, which are essential to the University's business and incurred when traveling on and/or conducting University related business. For purposes of this Policy, University-related business expense is defined as an expenditure for a particular good, service, or activity that is necessary to fulfill the mission of the University and is of primary benefit to the University rather than the individual; the purpose of the expenditure can be well defended under public scrutiny or audit.

The University assumes no obligation to reimburse employees for expenses not in compliance with Lynn University policy, IRS guidelines, or incurred in a manner not in compliance with policy. Repeated non-compliance may be grounds for termination of employment.

7.3.7.1 Travel Guidelines

Guidelines for all reservation and expenditures must be followed, as set forth in this policy.

Travel must be by the most direct and least expensive route possible. Any employee traveling by an indirect route or incurring expenses to meet personal preferences shall assume any additional expenses. Selection of the mode of transportation should be based upon the distance, cost, time involved and the purpose of the trip.

There will be no international travel without the prior approval of the President. First class or business class travel is not allowed, unless an upgrade is obtained with frequent flyer miles or paid for by the traveler.

Spousal travel, paid for by the University, is not permitted.

7.3.7.2 Responsibilities and Control

7.3.7.2.1 Management

It is the responsibility of all levels of Management to assure that employee expenses incurred for travel and other business related activities are essential to the performance of their job; that expenses are necessary, reasonable, justifiable, properly documented and are in compliance with the Lynn University Travel and Business Expense Policy and IRS guidelines.

Primary control should be exercised by the employee's Supervisor through:

1. Advance approval for all travel arrangements, activity and estimated expenses for each individual trip or activity. The departmental Vice President must approve participation in all conferences and other meetings. The President must also approve any international conference expenses (including travel and lodging).
2. Review and approval of all expenses reported for reimbursement in accordance with this policy and Lynn University guidelines.
3. Review and evaluation of submitted Expenditure Report.

7.3.7.2.2 Traveler

The employee is responsible for compliance with the Lynn University Travel and Business Expense Policy, IRS guidelines and will:

1. Fully complete and submit a Expenditure Request Form with appropriate signatures, at least three (3) weeks in advance of travel. Requests for international travel must be submitted at least thirty (30) days in advance of the departure day (not applicable to Office of Admission).
2. When booking travel, purchase ticket(s) at the lowest possible fare per trip.
3. Notify the Department Vice President in writing if full fare tickets with no restrictions are required. The reason for the full fare tickets must be documented in the "comments" section of the Travel Request Form for each individual trip. Expenses for travel submitted without this form will not be reimbursed.
4. Provide the supervisor with a copy of itinerary before leaving on business travel.
5. Submit a completed Lynn University Expenditure Request Form to Supervisor for approval prior to reimbursement.
6. Comply with guidelines as set forth in the reimbursement procedures, as well as any applicable grants and contract as applicable. In some situations, compliance with U.S. Government travel regulations is required.

Travelers who do not comply with this travel policy may be subject to delay or withholding of reimbursement.

7.3.7.2.3 Business Office

The Business Office will assure full and equal treatment for all employees consistent with the requirements and procedures set forth in this policy. It is the responsibility of the Business Office to:

1. Review expense reports for required receipts with documentation, authorized approval and mathematical accuracy;

2. Review reported expenses for reasonableness and make inquiries when appropriate; and
3. Return any expense reports to the employee for review and appropriate action/response, if it is not in compliance with this policy, require substantiation or is not completely filled out with information required by accounts payable to process payment.

It is the policy of the Finance Department to process reimbursement within 6 business days of receipt. Inquiries concerning interpretation, application, procedures or administration of this policy should be referred to the Vice President for Business and Finance.

7.3.7.3 Reimbursement Procedures

Employees must prepare and submit a Lynn University Expenditure Request Form as well as an Employee Travel Expense Form to Accounts Payable, with sufficient detail to permit determination of the business purpose and reasonableness of the expenditure. Reports not prepared as specified (all fields must be filled in as required) and in a clear and legible manner will be returned.

It is the responsibility of the employee to keep all receipts to support each element of an expense. Receipts are required for all business and/or entertainment items of \$25.00 or greater and the business purpose must be legibly documented. For an entertainment expense, the employee is also required to provide guest names along with the business reason of meeting. If original receipts are not available, an electronic image of a cancelled check, credit card receipt, supplier statement, or a paid notice may be substituted. If none of those are available, documentation that explains why a receipt is not available must be provided to the Supervisor, including the date, place, amount, and explicit business purpose.

The Lynn University Expenditure Request Form and Employee Travel Form should be forwarded to the Accounts Payable Department for processing. Employees are required to submit the forms within 21 days of completion of any business trip or activity and will not be reimbursed if submitted after 21 days.

Employees will not be reimbursed for:

1. ATM or check cashing fees;
2. Airline Club Memberships;
3. Automobile Club memberships;
4. Barbers and hairdressers;
5. Car washes;
6. Corporate Card delinquency fees/finance charges;
7. Country Club dues;
8. Damage to hotel property;
9. Excessive personal telephone calls;
10. Expenses related to vacation or personal days while on a business trip;
11. In-flight telephone charges;
12. Laundry and dry cleaning services- (unless stay is more than 5 days);

13. Magazines, books or newspapers;
14. Medical bills incurred during domestic travel;
15. Mini-bar;
16. Movies, including in-flight and hotel in-house movies;
17. Non-compulsory insurance coverage;
18. Optional travel or baggage insurance;
19. Parking or traffic tickets;
20. Personal items, i.e. toiletries, medication;
21. Shoeshine;
22. Souvenirs or personal gifts;
23. Spa or Gym usage/massages;
24. Spousal companion travel.

The University does not reimburse personal gifts to employees. This is not considered an appropriate business expense.

7.3.7.3.1 Airline Tickets

Employees are to travel “coach” or at the least expensive discounted fare available.

First class or business class travel is not allowed, unless the upgrade is obtained with frequent flier miles.

Travel arrangements should not be influenced by airline preference or frequent flyer rewards.

There will be no international travel without the prior approval of the President.

If an employee, with a supervisor’s approval, chooses to take advantage of the Saturday savings that are offered by some airlines, they may do so provided the differential in cost is more than offset by the additional costs incurred for lodging, meals and car rental.

Cancellation - When a trip is canceled after the ticket(s) or e-ticket confirmation has been issued, the employee must NEVER discard, destroy or submit the unused ticket(s) with an Expense Report as these documents may have a cash value whether they are refundable or not and can be used for future travel.

The travel agency or airline should always be called prior to the flight to determine their policy and procedure for unused tickets. These policies are usually subject to change.

7.3.7.3.2 Car Rental

The University has low pre-negotiated rates through special arrangement with Avis. Avis is to be used whenever possible. Compact cars should be rented unless the size of the group or equipment to be transported makes them impractical.

Employees should not purchase auto Liability or Physical Damage insurance from the rental company as these costs are covered under your Lynn University’s insurance.

Travelers are required to make every effort to return the vehicle on time, with a full tank of gas and to the original rental location to avoid costly charges. A one-way rental must be approved prior to travel via the Travel Request Form.

In the event of an accident, first notify the local authorities, then the rental car company and Lynn University General Counsel as soon as possible.

7.3.7.3.3 Lodging

When making hotel reservations, an employee should stay in a standard room in a medium tier hotel but may accept room upgrades if they are at no additional cost to Lynn University. The employee is responsible for canceling hotel reservations. “No show” charges for guaranteed reservations will be charged back to the employee unless the cancellation is the result of an unavoidable scheduling change in furtherance of Lynn University business.

When making reservations for out of town guests, existing discount programs for local hotels must be used. Refer to the Purchasing Department for details.

7.3.7.3.4 Lodging in Private Residence

Employees will not be reimbursed for staying in a private residence with family or friends while traveling on business. Expenses for a token gift to the “host” will be reimbursed in accordance with IRS guidelines.

7.3.7.3.5 Meals

Overnight Travel - The cost of three meals per day while traveling on business will be reimbursed based upon reasonable actual cost. When traveling with other employees, meals may be paid for by one employee, preferably the most senior staff employee attending, who then must note attendees on the Expense Report. Reimbursement for meals includes gratuities and taxes. Documentation must include original receipt, names of all attendees and purpose of meeting.

Business Meetings - Expenses incurred for meals for the purpose of discussing Lynn University business will be reimbursed upon submission of appropriate documentation on a Lynn University Expenditure Request Form. Documentation must include original receipt, names and titles of all attendees and their business affiliation on the Expense Report form.

Reciprocal entertaining is not allowed. Reciprocal entertaining is defined as entertaining where the participants are Lynn University employees only. Entertaining a non-Lynn University participant is acceptable, as long as the receipt for the entertainment clearly indicates the participant(s) and the business purpose of the meal.

7.3.7.3.6 Personal Automobile

Employees will be reimbursed at the prevailing IRS rate for all miles traveled, parking and/or toll expenses incurred while on University business therefore, reimbursement for actual fuel charges will not be allowed. To calculate reimbursement, the normal daily cost of commuting must be computed and deducted (netted) when using a personal automobile locally. Employees who drive company owned or leased vehicles will be reimbursed at the prevailing IRS rate for company owned or leased vehicles. Employees are covered by their personal automobile liability insurance.

When travel by private automobile is chosen over a common carrier to save time, transport equipment, or reduce costs when a number of people are traveling to the same destination together,

reimbursement to the traveler will be on the basis of actual business mileage traveled but will not exceed the cost (or sum of costs for more than one traveler) of round trip air travel between the nearest airport of origin and destination, including coach fare and incidental expenses to travel to or from the airport. In calculating this figure, the cost of the transportation is based on the most recent reimbursement rate per mile published by the IRS. This rate includes all expenses incidental to such transportation. If several travelers share a privately owned vehicle, only the owner of the vehicle will be reimbursed for mileage.

7.3.7.3.7 Tips

Tips should not exceed 15-20% of the cost of service. Skycaps and Bellmen are limited to \$2.00 per bag. Any additional moneys spent at the discretion of the employee will not be reimbursed.

Miscellaneous Expenses

Miscellaneous expenses such as parking, road tolls, ferries, taxis, car services (i.e., Uber, Lyft, etc.) and airport buses are reimbursable subject to the presentation of original receipts.

In addition, the following items are also generally reimbursable to the extent they are reasonable and necessary business expenses: registration/conference fees; computer network access; currency conversion fees; fax charges; and overnight parcel service when needed for business documents.

7.3.7.3.8 Travel Insurance

All employees are covered by a Lynn University insurance policy and will not be reimbursed for personal or additional travel insurance. This includes flight insurance.

7.3.7.4 Lynn University Furnished Goods and Services

Lynn University expenses are those expenses for which Lynn University has arranged payment (i.e. airport limousines). These expenses must appear on the Lynn University Expenditure Request form along with the receipt from the vendor. Even though the employee does not seek reimbursement for the expenses when including these expenses on the forms, it is necessary to assure that all expenses are charged to the appropriate budget line by the Business Office.

7.3.7.5 Lynn University Pool Cars

Lynn University pool cars are those vehicles leased by Lynn University and are available for the specific use of employees while conducting Lynn University business. Operation of these vehicles is strictly limited to Lynn University employees for business purposes only when another form of transportation would be more costly or inappropriate. Employees will be reimbursed for properly documented expenditures, which are in compliance with policy. Use of pool cars must be authorized by the department Vice President as well as with the purchasing office. Dates of use and mileage will be recorded.

Lynn University reserves the right to perform an audit of any expenses submitted by an employee for reimbursement. A violation of the policy may result in the employee being held liable for any unauthorized expenditures. Lynn University reserves the right to recoup reimbursements made to any employee for an item or charge found to have been inappropriate or made in error. Should any misrepresentations be found, the findings will be conveyed to Senior Management. Employees found to have misrepresented expenses may be subject to discipline and/or criminal prosecution.

7.3.8 Procurement Card Policy

Purpose

The Procurement Card (p-card) is a University credit card that delegates purchasing power to authorized, individual University employees. The p-card allows the cardholder to charge work-related expenses directly to the appropriate University account. The p-card permits purchases to be made with a minimum of delay and a minimum of administrative labor, while also providing accountability. This policy describes the proper use of a University purchasing card. The procedures established here also serve to protect the University from fraud and other deliberate or accidental misuse of its funds.

Policy

University employees are eligible for the purchasing card. Non-employees and students are not eligible. The p-card may be used for business purposes only, and all purchases must comply with all Lynn University Policies, in particular those polices listed @ <https://www.lynn.edu/university-policies>

A cardholder must comply with all applicable policies and procedures to retain use of the card.

Procedures

I. Application

University employees must submit an authorization application. This form is available electronically. All information must be completed, and the form must contain the appropriate authorized signature(s).

II. Card Type

As of August 2017, the University uses a VISA procurement card provided by JP Morgan Chase. Cards can be used for a variety of goods and services, as well as typical travel expenses. Cards may be used only for the purchase of goods, travel, restaurant and other authorized related purchases. The standard transaction limit is \$999.00. Other limits are available with proper cause and appropriate authorization. Please note the authorization form indicates the standard per transaction amount only.

III. General Use

The p-card is the preferred method for high volume, low dollar buying, authorized travel expenses, and other various items. In general, the p-card may be used to purchase any item that falls within the policies defined @ <https://www.lynn.edu/university-policies>. The purchase must be within the assigned, authorized dollar limit.

IV. Expiration and Reissue of Cards

Procurement cards expire every three years, on the last day of the month embossed on the front of the card (expiration date). Renewal cards are automatically sent to the P-card Office within 1 to 3 weeks prior to the expiration date. The cardholder will be sent an e-mail notification listing the date and location to pick up his or her new card. A policy/procedure review test is required for each renewal. The cardholder should complete the review, read and sign a new cardholder agreement form and bring it to pick up their new card.

V. Changing Information on a Card, or Canceling a Card

To cancel a card, return the card to the Procurement office. The card will be destroyed and the account will be cancelled.

VI. Information

User information is available from the P-Card Administrator and the Procurement Department. Revisions to the forms and the manuals can frequent; all cardholders will be notified of changes and sent current versions. Forms and information are available on the Procurement web page under Employee Services @ <https://my.lynn.edu/ICS/Employees/Procurement.jnz>

Information is also be available @ <https://www.lynn.edu/university-policies>

VII.Updating Transactions

All transactions will appear in the JP Morgan Chase, PaymentNet system. Access to the system is available via the WWW to all cardholders or their designees. Transactions must be updated within five (5) business days from the post date with adequate descriptions and details in notes section, as well as accounting codes, etc. Every transaction will default into the PaymentNet application with a specific, pre-assigned account number. It is the responsibility of the cardholder or their designee to update the account number as appropriate. Note: See Section XIII, A - #4 for additional information.

VIII. Allocation of Charges

Dollar amounts charged to the p-card will be allocated to the default account number assigned to the p-card at the time of issue. Upon review and approval of the transaction in Payment Net, the dollar amounts may be moved to other account numbers, or split between several account numbers. Dollar amounts will be posted (mapped) to the General Ledger, as a result of a download from PaymentNet made weekly by the Accounting Office. The assigned PaymentNet transaction id# will be imported into GL and will appear with the pre-fix 'CC' followed the id number.

IX. Documentation and Review

Cardholders should always obtain an itemized receipt for each transaction. If a cash register tape does not have descriptions, write them on the tape. Any transaction without a properly substantiated receipt is subject to reimbursement of the university by the cardholder.

A receipt is defined as an invoice, bill, cash register receipt, sales slip, or packing slip which contains an itemized list of goods purchased, with dollar amounts, and the name and location of the supplier. An employee of the supplier must sign all handwritten receipts.

A. Purchases Made in Person

Retain the itemized receipt in addition to the credit card copy to properly substantiate the purchase.

B. Faxed or Mailed Purchases

Retain a copy of the order as faxed or mailed and the fax confirmation (if available) for your records.

C. Internet Purchases

At least one of the following types of documentation is required:

- Print out of the completed online order form.
- Print out of the online order confirmation.

- Print out of the e-mail confirmation.

D. Reconciliation

The cardholder should affix to the back of the monthly cardholder statement, all invoices and receipts. Additionally, all supporting documentation (credit memos, copies of disputed item and refund forms, etc.) should be retained with the monthly cardholder statement. Four years of documentation, plus the current fiscal year, must be kept on file. One year, plus the current fiscal year should be on-hand in the department. These records must be made available on request for University audit. Additionally, a scanned image of **each transaction receipt** must be attached in PaymentNet. Receipts may be uploaded as pdf, jpeg or gif files.

E. Review

Initial Review- The first month following the receipt of a department's first monthly statement, the cardholder may elect to schedule an appointment with the P-Card Administrator to review the records and procedures. The intention of this review is to ensure that the cardholder has been properly trained and is aware of his/her responsibilities. These responsibilities include:

- Proper transaction reconciliation
- Assurance of the existence and retention of supporting documentation.
- Verification that the charges have been reviewed and allocated properly
- Verification that purchases are appropriate and within the University's policies.

Supervisory Review- The supervisor authorizes their designee to obtain a Lynn University, JP Morgan Chase VISA p-card card to be used for the purchase of goods and services as required. The must review the transactions and the credit card statement on a monthly basis for policy compliance. A supervisor may review transactions for their employees on-line in the PaymentNet application or request a monthly report of transactions with all cardholder information and transaction detail for review.

Random and Annual Reviews- The cardholder's transactions will be reviewed at random. All transactions are reviewed on-screen by the Procurement Services department and the Accounting office. Reviewer(s) from the Accounting Office will review the cardholder's transactions and records to ascertain the department's level of compliance with University policies and procedures.

1. The reviewer(s) will review selected department records and may complete the checklist on procurement card documentation and the review report. The reviewer(s) will check for the following:
 - a. Proper completion of transaction reconciliation.
 - b. Receipts supporting the transaction and reconciliation log entries.
 - c. Business purpose and approval of purchases.
 - d. Unusual activity.

X. Approvals

Higher-level approval is required. The supervisor or budget unit manager must sign off on the Authorized Application and the supervisor is responsible for the regular review of their employees'

monthly statements either on-line in the PaymentNet application or via the transaction statement report.

A. Academic or Administrative Officers

Academic or Administrator Officers are defined as those who report directly to the Executive Officers (e.g., Assistant VPs, Deans). The p-card transactions of Academic or Administrative Officers require higher-level review and approval by their Executive Officer. In the event that the Executive Officer is not available to provide such review and approval, he or she may designate another reviewer-approver (e.g., the planning unit's budget manager).

B. All Other Cardholders

All other cardholder transactions must be reviewed and approved by a higher-level of authority within the cardholder's department.

XI. Audits

All transactions are reviewed on-screen by the Procurement department and the Accounting office. Further, all transactions and supporting documentation are subject to audit by the Accounting Office. Training programs, communications and transaction audits will be routinely administered to end users. They will be designed to:

1. Review departmental records and record keeping practices;
2. Correct errors and ensure policy guidelines are followed;
3. Offer "best practices" in procurement procedures;
4. Solicit feedback regarding processes and "best practice" procedures.

Results of these visits will be used to facilitate the procurement functions of Lynn University, and will be shared with our community.

XII. Violations & Card Status

A. Violations

Level I: Personal and/or unauthorized purchases

A Level I personal and/or unauthorized purchases violation will result in immediate cancellation of the procurement card and potential personnel disciplinary action including but not limited to, repayment of improperly spent funds.

Level II: Incremental purchases and/or prohibited purchases

A Level II violation will result in the cancellation of the purchasing card and require retraining of the cardholder prior to re-issuance of a purchasing card.

Level III: Improper Record Keeping

A Level III violation will require retraining the cardholder in record keeping procedures.

The reviewer(s) will report violations to the Department Chair, or Dean and to the Director of Shared Services. The chair will be given one month to respond to the findings and state the corrective action(s) to be taken.

Level III: Missing Receipts

A Level III missing receipts violation will require retraining the cardholder in submitting authorized receipts as required into the PaymentNet application. If the cardholder does not take corrective action this violation may result in the temporary loss of card privileges, and if on going the cancellation of the procurement card.

Lynn University may terminate the right to use a Procurement card at any time for any reason. Improper use of the Procurement Card may result in disciplinary action as outlined, up to and including termination of employment.

B. Cardholder Employment Status

Voluntary Termination: Employees who are terminating employment, either voluntarily or through retirement, must notify the Procurement department at least 5 working days prior to leaving the University. Purchasing cards for such terminating employees will be canceled upon receipt of notification of termination.

Involuntary Termination: In the event of an involuntary termination, the director, dean or individual with budget responsibility for the default account used on a purchasing card, must immediately notify the purchasing card administrator and take possession of the procurement card. The card should be hand carried to the Procurement department.

Employee Move to another Department: In the event that a cardholder transfers to another department within Lynn University, the P-Card administrator must be notified prior to the date of the transfer. A department that has an employee transferring from another department and who was a cardholder in the previous department must complete an authorization form and have approval from the current and new department before updating the record. For questions regarding this procedure please contact the P-Card Administrator or the Director of Procurement.

Cardholder Responsibilities

XIII. Everyday Use

A. Rules and procedures

1. The card is for business expenses **only. It may not be used for any personal purchases at any time.** This VISA p-card is a corporate liability card. Personal credit information of the card holder will not be obtained. Misuse of the VISA p-card may result in disciplinary action as outlined, up to and including termination of employment (see section XII. Violations & Card Status)
2. The card is not transferable. It may be used by the cardholder only.
3. Itemized receipts must be obtained for all p-card transactions.
4. Authorized invoices marked with the corresponding VISA id number for the following items must scanned into PaymentNet4 within the (5) five-day transaction review period:
 - Fixed assets- items with a per unit value of over \$1000.00
 - Maintenance contracts, agreements and memberships over \$1000.00 with an annual term – the term of the contract must be specified
 - Anything charged to a Project account – account that begins with 4
 - Anything charged to a grants or gift account

5. Pyramiding - i.e., dividing one purchase into two or more, in order to stay within your transaction limit - is not allowable.
6. If the cardholder does not update his or her own transactions, he or she must assign the task to an appropriate designee. Allocations of the charges should be done within five (5) working days.
7. Cardholders may not receive cash advances of any form using the p-card.
8. Cardholders are responsible for resolving discrepancies with suppliers and ensuring credits are received. For assistance with a vendor issue, please contact the P-Card Administrator as soon as possible.
9. Cardholders may not receive cash back or in-store credits for any refunds or exchanges. Such amounts must be credited to the P-card account. If a supplier mistakenly issues a refund check, it must be submitted to the P-card Office within five days of receipt by the cardholder.
10. Cardholders should not pay FL sales tax. The cardholder must tell in-state suppliers the University is exempt from FL sales tax. The tax exempt number is embossed on every authorized Lynn University Visa card. A copy of the University's Tax Exempt form is available if the supplier needs to see it.
11. If grant funds are being charged, cardholders are responsible for seeing that all granting agency requirements are fulfilled.
12. Cardholders may not make purchases that violate University policy restricting business transactions that may be perceived as a conflict of interest (purchases from a business in which you or a relative have a financial interest). See policies @ <https://www.lynn.edu/university-policies>

B. Preventing Fraud

The cardholder should use basic security measures, as outlined below, to guard against fraud:

1. **DO** Sign your card as soon as it arrives.
2. **DO** Keep the card in a secure location; guard the card number carefully.
3. **DO** Save receipts and statements in a secure area (they may contain your card number). Attach each receipt to the corresponding transaction in PaymentNet.
4. **DO** Keep an eye on the card during the transaction, and retrieve it as soon as possible.
5. **DO** Always know where your card is. If you can't find the card, assume the worst: Have your account canceled and request a new card.
6. **DO** Be aware of what you are signing: Your signature can copy through to other slips deliberately placed underneath.
7. **DO** Audit your monthly statement closely. Make sure all charges shown are legitimate charges.
8. **DO** Visit reputable, familiar merchants whenever possible.
9. **DO** Report possible fraud immediately to Procurement and to JP Morgan VISA.
10. **DO NOT** Discard credit card slips in public areas, or discard them whole. Thieves can acquire your card number from receipts, slips and statements.

11. **DO NOT** Lend your card to anyone.
12. **DO NOT** Give your card number to anyone over the phone unless you know you are dealing with a reputable vendor.

C. Unauthorized Purchases

The p-card may **not** be used to purchase the following items:

1. Personal items
2. Live animals (contact Lab Animal Resources in Research Compliance Office for details).
3. Controlled substances requiring a DEA license
4. Cash and Travelers checks
5. Purchases that involve signing an agreement, license, or contract (e.g., leases) - send document to General Counsel or Procurement department for review and action.
6. Long term rentals (1 year or longer).
7. Radioactive materials
8. Weapons or ammunition
9. Donations
10. Fuel for a privately-owned vehicle or aircraft (without a specific business purpose and prior approval. Never for personal use or in cases where mileage reimbursement should be used)
11. Entertainment (without prior approval)
12. Fines/Late fees/Penalties
13. Gifts or Gift Certificates (without prior approval - *see 7.3.4 Prohibited Transactions*)
14. Honorariums
15. Interest/Finance Charges
16. Legal Services (without prior approval)
17. Lobbying
18. Performers (without prior approval)
19. Travel (without prior approval)
20. Tuition (without prior approval)

D. Restricted Use

Certain items are restricted from purchase with a p-card unless the following requirements are met:

1. **Alcohol for consumption** (must have appropriate prior approval).
2. **Capital Equipment** (the following information must be provided when updating the transaction on-screen):
 - a. Manufacturer's name, serial number and model number (if not provided in level 3 detail from the supplier)

- b. Acquisition date or date received
 - c. Location
 - d. Unit acquisition cost (if not already clearly identified)
 - e. Name of department taking ownership
3. **Maintenance, Leases or Service agreements** are allowable for small equipment. Annual agreement must specify term dates of the agreement in the 'notes' section of the transaction.
 4. **Travel & Entertainment expenses** are allowable on p-cards which have prior approval (the following information must be provided when updating the transaction on-screen):
 - a. Name of Traveler
 - b. Conference registrations location, and date
 - c. Length of Stay
 - d. Business Purpose

D. Review of Charges

1. All charges must be reviewed in a timely basis (within **(5)** five days). Un-reviewed charges will be downloaded into the general ledger as is, and charged off to the default account. Note: See Section XIII, A - #4 for additional information.
2. The review box in PaymentNet does not indicate a release or hold on payment. The supplier **will be paid** via their merchant bank within 24-48 hours of the transaction. The end-user must check the on-line review box as an indication of the legitimacy of the purchase. The review box is not an indication of inspection and approval of the merchandise and it does not affect the payment.
3. All authorized receipts must be attached to the corresponding transaction in PaymentNet. Pdf, jpeg or gif files may be attached in the application.

XIV. Problems with card use

A. If a supplier does not accept the p-card

The cardholder should contract the Procurement Card Administrator. The Administrator will make an effort to enroll the supplier in the program.

B. Disputed items (damaged or incorrect shipments, etc)

It is the cardholder's responsibility to resolve discrepancies with the supplier and ensure credits are received. Contact the Procurement Coordinator for assistance for further information regarding disputes.

1. The cardholder should immediately notify the supplier of any problems and seek a credit within 30 days of the purchase.
 - a. If a credit is not received from the supplier in 30 days, the cardholder should formally dispute the purchase with the Procurement Card Administrator. Formal disputes will be submitted to JP Morgan Chase.
 - b. Credits will appear within 60 days of the dispute process

- c. All credits will be downloaded into the general ledger and will update the account status.

C. If your card is lost or stolen, or if you detect a transaction you believe to be fraudulent

Report loss, theft, or fraudulent use of the card immediately, as follows:

1. Contact JP Morgan Chase @-1-800-VISA-911 or-1-410-581-9994 internationally.
2. To report a fraudulent transaction, have the transaction number and basic transaction information (vendor, dollar amount) ready. Inform the Procurement Card Administrator and/or Procurement Services. Contact lhotchkiss@lynn.edu or call 561-237-7178.

D. Damaged cards

If the card is damaged or demagnetized, or requires a correction in the cardholder name or department name, a replacement plastic may be requested. Contact the Procurement Coordinator.

7.3.9 Unrelated Business Income Tax

It is the policy of Lynn University that all unrelated business income be accurately reported on the University's federal tax return each year in accordance with IRS rules and regulations. To support this reporting, it is essential that any potential sources of unrelated business income be reported to the Business Office for determination of whether or not unrelated business income exists. It is the responsibility of the department heads to ensure that unrelated business income is tracked within their departments in a manner that facilitates the required reporting to the IRS.

Definitions

Gross Income—gross receipts less cost of goods sold or reserves provided.

Unrelated Business Income (UBI)—income from a regularly carried on activity that is not substantially related to the exempt purpose of the University (e.g. not educationally or research based) is classified as unrelated.

Unrelated Business Income Tax (UBIT)—for an activity to be subject to UBIT, it must meet all of the following criteria: (a) it must be a trade or business for the production of income from selling goods or performing service, (b) the trade or business must be regularly carried on, and (c) it must not be substantially related to the carrying out of the University's exempt purpose. An activity is not taxable if one or more of these conditions is absent. When an activity meets all three criteria, several exceptions found in the Internal Revenue Code must be reviewed to determine whether the activity may be excluded from the IRS Form 990-T filed annually by the University.

Procedures

Any department that has reason to believe that any existing or new activity may potentially generate UBI must contact the Business Office to discuss the specific facts surrounding that activity. In consultation with University's independent tax consultants or General Counsel, a determination will be made regarding whether UBI exists.

If it is determined that UBI exists, the Business Office will keep an accounting of the income associated with it.

The Business Office will determine all direct and indirect expenses associated with an activity that may produce UBI. This will include an allocation of certain general and administrative expenses to the activity where applicable.

The Business Office will keep a summary statement of UBI activity and will periodically review this summary with the external auditors to determine if the activity is reportable on the 990-T tax return.

Guidelines:

The following guidelines will be used to determine the existence of UBI:

1. The use of revenue generated from the activity for the purpose of improving the quality of instruction or activity that is in line with the educational mission makes no difference on reporting requirements. It is the source of income that determines the UBI status.
2. The Business Office will exclude the following activities from reporting as unrelated business income. Any activity that: (a) exists primarily for the convenience of Lynn University students or employees; (b) is infrequent, i.e., the activity is not regularly scheduled and infrequently carried on; (c) is substantially related to the University's exempt purpose provided the activity is not carried on to an extent greater than necessary; (d) is not a "trade or business;" (e) has 85% or more of the income from the activity generated from the sale of donated goods; (f) is derived from labor which is at least 85% volunteer.

Basic Exclusions and Exemptions from UBI:

Convenience: Income from an unrelated trade or business that is carried on primarily for the convenience of students or employees is not taxable.

Investment Income: Dividends, interest, capital gains and other income received from the holding of the University's investments are generally not taxable.

Royalties: A royalty is passive income received from entities external to the University for the use of University property or rights. Royalty income is not taxable.

Real Property Rents: Rents from real property (buildings, apartments, commercial space) are not taxable. However, if the rent includes compensation for services rendered to the tenant, the income may be taxable.

Personal Property Rents: Although rents from personal property (furniture, household appliances) are generally taxable, such rents may be non-taxable if they are an incidental amount (less than 10%) of the total rents received under a lease for real property.

Research Funding: The funding for any research conducted in any college, department or center within the University is not taxable.

7.3.10 Payment Card Policy

7.3.10.1 Purpose

This document and additional supporting documents represents Lynn University's policy and procedures to prevent loss or disclosure of sensitive customer information including payment card data. Failure to protect customer information may result in financial loss for customers, suspension

of credit card processing privileges, and fines imposed on and damage to the reputation of the unit and the institution.

7.3.10.1.1 PCI DSS

The PCI DSS is a mandated set of requirements agreed upon by the five major credit card companies: VISA, MasterCard, Discover, American Express and JCB. These security requirements apply to all transactions surrounding the payment card industry and the merchants/organizations that accept these cards as forms of payment. Further details about PCI can be found at the PCI Security Standards Council Web site (<https://www.pcisecuritystandards.org>)

In order to accept credit card payments, Lynn University must prove and maintain compliance with the Payment Card Industry Data Security Standards. The Lynn University's Payment Card Policy and additional supporting documents provide the requirements for processing, transmission, storage, and disposal of cardholder data transactions. This is done in order to reduce the institutional risk associated with the administration of credit card payments by individual departments and to ensure proper internal control and compliance with the Payment Card Industry Data Security Standard (PCI DSS).

7.3.10.1.2 Visa Cardholder Information Security Plan (CISP)

Visa Inc. instituted the Cardholder Information Security Program (CISP) in June 2001. CISP is intended to protect Visa cardholder data - wherever it resides - ensuring that members, merchants, and service providers maintain the highest information security standard. In 2004, the CISP requirements were incorporated into the Payment Card Industry Data Security Standard (PCI DSS).

7.3.10.1.3 MasterCard Site Data Protection Program (SDP)

The SDP Program, with the PCI DSS as its foundation, details the data security and compliance validation requirements in place to protect stored and transmitted MasterCard payment account data.

7.3.10.2 Scope/Applicability

The Lynn University Payment Cards Policy applies to all faculty, staff, students, organizations, third-party vendors, individuals, systems, and networks involved with payment card handling. This includes transmission, storage, and/or processing of payment card data, in any form (electronic or paper), on behalf of Lynn University.

7.3.10.3 Policy

It is the policy of Lynn University to allow acceptance of payment cards as a form of payment for goods and services upon written approval from the PCI Committee. Lynn University requires all departments that accept payment cards to do so only in compliance with the PCI DSS and in accordance with this policy document, the Lynn University payment card procedures, and other supporting documents.

All entities of Lynn University that receive or expect to receive payments electronically must comply with the guidelines and procedures issued by the VP of Business and Finance. All entities

who wish to take payments via payment cards must be approved by the appropriate Vice President. For more details on the specific processes, please contact the PCI Committee for further guidance.

Entities accepting payment cards will sign an agreement with the PCI Committee that details their responsibilities, as well as the security requirements (Payment Card Industry Data Security Standards and related institutional Information Technology Policies) that must be followed. This agreement may be updated from time to time as requirements change. Failure to follow the requirements of the agreement may result in the revocation of your ability to accept card payments.

Entities must accept only payment cards authorized by the PCI Committee and agree to operate in accordance with the contract(s) the Lynn University holds with its Service Provider(s) and the Card Brands. This is to ensure that all transactions are in compliance with the Payment Card Industry Data Security Standards (PCI DSS), Federal Regulations, NACHA rules, service provider contracts, and Lynn University policies regarding security and privacy that pertain to electronic transactions. Merchants are not allowed to store cardholder data (PAN/Name/Service Code/Expiration Date) or Sensitive Authentication Data (Full Magnetic Stripe data, CAV/CVV2/CW2/CID, PIN/Pin/Block) either electronically or physically. It is recommended that Merchants adhere to any University data retention or disposal policies if formulated. Otherwise Merchants are recommended to develop and implement their own data retention and disposal policies or standards, procedures and processes that include at least the following for all cardholder data (CHD) storage:

- Limiting data storage amount and retention time to that which is required for legal, regulatory, and/or business requirements
- Data that is not absolutely necessary in order to conduct business will not be retained in any format. All data will be treated as confidential.
- Specific retention requirements for cardholder data
- Processes for secure deletion of data when no longer needed
- A quarterly process for identifying and securely deleting stored cardholder data that exceeds defined retention.
- Physical access to data records is restricted to staff with a need to know.

Cardholder data (CHD) received via end-user messaging technologies (for example, e-mail, instant messaging, SMS, chat, etc.) is never to be used to process a payment. Follow approved departmental procedures for the appropriate method of responding to and securely destroying the cardholder data.

All **Processing Equipment** is to be obtained via the PCI Committee.

Exceptions to this policy will be limited and will require a business plan (including reason why the available central processing systems will not work for your area) to be submitted and approved by the PCI Committee in advance of any equipment or system purchase.

All payments received must be directed into a Lynn University **Approved Bank Account**. The type and nature of the electronic transaction (e.g., ACH, Credit Card, Point of Purchase, wire, etc.) will dictate where the transaction will be deposited.

Accounting entries to record the receipt of the payment will be linked directly into the institution's Financial Information System (FIS), whenever possible, to ensure timely recording of transactions and expedite the prompt reconciliation of general ledger and bank accounts.

7.3.10.4 Supporting Documents

Supporting documents listed below are available upon request. Please contact the PCI Committee for more details. pci@lynn.edu

- Best Practices
- Annual Merchant Survey
- Department Template – Payment Card Procedures
- Department Procedures Attachments
- Payment Card Equipment Inspection Log
- Employee List and Training Log
- Employee Attestation
- Payment Card Security Incident Response Plan
- Application for New Payment Card Merchants

7.3.10.5 Glossary

Term	Definition
Payment Card Industry Data Security Standards (PCI DSS)	The security requirements defined by the Payment Card Industry Security Standards Council and the 5 major Credit Card Brands: <ul style="list-style-type: none"> • Visa, MasterCard, American Express, Discover, JCB
Cardholder	Someone who owns and benefits from the use of a membership card, particularly a credit card.
Card Holder Data (CHD)	Those elements of credit card information that are required to be protected. These elements include Primary Account Number (PAN), Cardholder Name, Expiration Date and the Service Code.
Primary Account Number (PAN)	Number code of 14 or 16 digits embossed on a bank or credit card and encoded in the card's magnetic strip. PAN identifies the issuer of the card and the account, and includes a check digit as an authentication device.
Cardholder Name	The name of the Cardholder to whom the card has been issued.
Expiration Date	The date on which a card expires and is no longer valid. The expiration date is embossed, encoded or printed on the card.
Service Code	The service code that permits where the card is used and for what.

Sensitive Authentication Data	Additional elements of credit card information that are also required to be protected but never stored. These include Magnetic Stripe (i.e., track) data, CAV2, CVC2, CID, or CVV2 data and PIN/PIN block.
Magnetic Stripe (i.e., track) data	Data encoded in the magnetic stripe or equivalent data on a chip used for authorization during a card-present transaction. Entities may not retain full magnetic-stripe data after transaction authorization.
CAV2, CVC2, CID, or CVV2 data	The three- or four-digit value printed on or to the right of the signature panel or on the face of a payment card used to verify card-not-present transactions.
PIN/PIN block	Personal Identification Number entered by cardholder during a card-present transaction, and/or encrypted PIN block present within the transaction message.
Disposal	<p>CHD must be disposed of in a certain manner that renders all data un-recoverable. This includes paper documents and any electronic media including computers, hard drives, magnetic tapes, USB storage devices,(Before disposal or repurposing, computer drives should be sanitized in accordance with the (Institution’s) Electronic Data Disposal Policy). The approved disposal methods are:</p> <ul style="list-style-type: none"> • Cross-cut shredding, Incineration, Approved shredding or disposal service
Merchant Department	Any department or unit (can be a group of departments or a subset of a department) which has been approved by the (institution) to accept credit cards and has been assigned a Merchant identification number.
Merchant Department Responsible Person (MDRP)	An individual within the department who has primary authority and responsibility within that department for credit card transactions.
Database	A structured electronic format for organizing and maintaining information that is accessible in various ways. Simple examples of databases are tables or spreadsheets