



Use of Gift Funds Procedure

Procedure #: 131.2

Rev.: 0

Effective Date: December 12, 2017

Related Policy: [Gift Funds Policy](#)

Functional Owner: Financial Information Management, Business Services

Contact: Gift Management Accountant
Gift Management Mailbox: giftmgt@bussvc.wisc.edu

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I. Procedure Statement

This procedure describes the processes for accessing and expending funds deposited in Wisconsin Foundation and Alumni Association (WFAA) funds, and provides examples of typically appropriate and typically inappropriate payments from gift funds.

II. Who is affected by this Procedure

All UW- Madison employees using gift funds. Campus and Divisional Leadership have a formal responsibility to ensure individuals within their Division(s) using gift funds are fully informed and understand gift use procedures.

III. Procedure

The following steps represent the overall process for receiving and processing gifts from the WFAA:

1. Requests to draw funds from WFAA accounts to the University in payment of expenditures must be made on a WFAA Check Request Form available on the WFAA Advancement Resources web site for those with authorized access.
 - a. A [Gift Deposit Routing Form](#) must be completed when requesting funds from the WFAA to be deposited into a Fund 233 project. See Section VII of this procedure for further details related to the forms and routing process.

2. Each form must be printed and routed for signature through the appropriate school/college/auxiliary Dean's/Director's Office before it goes to the WFAA.
 - a. Both forms are submitted to WFAA for review and approval.
3. It is recognized that there are events held with the sole purpose of fundraising, such as an alumni dinner or golf outing.
 - a. For fundraising events held, University Divisions are to develop a budget of event proceeds and expenses in advance of the event, and share that information with their financial leadership personnel and the applicable development personnel at the WFAA. (Event proceeds in this context refers to any fees charged for participation in the event. It does not include estimated donation revenue to be generated by the event.)
 - b. The Division will set up a registration merchant account with the WFAA. The event registration will be coordinated and arranged by the WFAA recognizing the registration portal can include the option for the participant to provide additional donor gift funds when paying for the registration fee.
 - c. Event expenses that are incurred and allowed to be paid using University funds will be charged to University gift funding projects (e.g. a specific 233 or 533 (Athletics) project) by the Division. Event expenses incurred that are not allowed to be paid using University funds will be submitted to the WFAA for payment to the extent allowable under WFAA policies.
 - d. Following the event, the Division will complete and submit a WFAA Check Request Form and a University Gift Deposit Routing Form, and post funds received to the University 233/533 project to cover the expenses charged.
4. Only in accordance with UW-Madison and WFAA policies and procedures may the WFAA be requested to pay funds directly to a vendor for a University program or purpose. (See table below for examples of appropriate and inappropriate expenditures.)
 - a. In such cases, the WFAA will make payment based on a request from the University custodian of the related WFAA fund from which disbursement is requested. This would generally be a School or College Principal Investigator, Department Chair, or Administrative Director.
 - b. Requests require appropriate Dean or Director's office approval prior to submitting the request for payment to the WFAA.
 - c. If a payment is for the School/College Dean or Auxiliary Director, request for payment requires Chancellor or VCFA office approval, respectively.
 - d. The University Division requesting the payment is responsible for maintaining adequate justification of why University funds could not be used to pay for the expenditure. Such justification as well as supporting documentation are considered open University records, subject to public inspection as provided in the Wisconsin Public Records Law. The level of documentation held by the initiator of the payment should be similar to that required for payment through regular University channels.

This listing is illustrative; it is not intended to be an exhaustive list of all potential University operational situations.

Appropriate Expenditures Made by the Foundation
<i>These expenses require pre-approval prior to incurring the expense.</i>
<ul style="list-style-type: none"> • Travel reimbursements exceeding University rates, to the extent they cannot be processed by the University with appropriate explanations. (See Hosted meal in excess of University limits http://www.bussvc.wisc.edu/acct/policy/meetcon/meetcon.html)
<ul style="list-style-type: none"> • Faculty and graduate student candidate hosting cost when not allowable using University funds.
<ul style="list-style-type: none"> • Moving expenses for new employees allowable under IRS rules and regulations that are not allowable using University funds.
<ul style="list-style-type: none"> • Costs related to school or college board of visitors meetings that are not allowable using University funds.
<ul style="list-style-type: none"> • Cost of alcohol served at events at which other costs of the event are allowable using University funds.

Inappropriate Expenditures the Foundation Will Not Pay
<ul style="list-style-type: none"> • Payment for goods or services to avoid the state bidding process.
<ul style="list-style-type: none"> • Reimbursing travel expenses of employees not in compliance with University policies and procedures (i.e. University employee travel was not booked using the University travel vendor, Fox World Travel or Concur.)
<ul style="list-style-type: none"> • Paying for University events, which are merely social, such as parties, unless the Foundation fund to be used to pay for the event has explicit donor documentation that the funds are intended for such a purpose. <ul style="list-style-type: none"> ○ If there is a University business purposes related to the instruction, research and/or service mission of the University, the expenses can generally be paid by the University.
<ul style="list-style-type: none"> • Paying for retirement dinners or flowers for funerals of former department employees, unless the Foundation fund or donor documentation is explicit that the donor intended the funds to be used for such purposes.
<ul style="list-style-type: none"> • Paying for retirement gifts.
<ul style="list-style-type: none"> • Paying for parking tickets of visitors and employees.
<ul style="list-style-type: none"> • Making donations or memorial gifts to non-profit organizations.
<ul style="list-style-type: none"> • Paying for upgrades to first class travel where such upgrades are not allowable under University travel regulations.
<ul style="list-style-type: none"> • Payment for significant others/guests' attendance at events lacking a legitimate business purpose. See Policy 202 for more information.
<ul style="list-style-type: none"> • Payments to University employees for services, including awards or honoraria. These must be made through the University's payroll system.

5. If the University can process the items being requested for payment under State procurement and travel rules, they must be processed through the University.
 - a. Requests by the University for the WFAA to purchase goods and services for University use will be rejected if the goods and services can be obtained through the State purchasing process.
 - b. Requests for employee travel expense reimbursement will be rejected if the expenses are reimbursable under University travel policies.
6. The WFAA will not make payments directly to UW employees for services or honoraria, or make payment directly to recipients for scholarships, fellowships, prizes and similar awards. Such payments must be made through the University.

7. Some direct payments made by the WFAA will result in taxable income to the recipient.
 - a. As required by the Internal Revenue Code, the WFAA will report certain payments to recipients on forms 1099-MISC. In certain cases, the IRS rules deem the University the payer of amounts disbursed by the WFAA. In these cases, payments made by the WFAA will be combined with the payments made by the University for tax reporting purposes.
8. The parties requesting and approving reimbursement or direct payment must be comfortable that the reimbursement or payment was necessary to support University programs and in compliance with applicable policies and procedures such that they would be comfortable talking to the donor or the press about the reimbursement or payment.
9. Any requests for payments from the WFAA, whether for transfer to a University account or a direct payment request, which are not clearly appropriate under Section IV of this Procedure will be referred back to the requesting Dean or Director's Office, and may not be resubmitted for payment without authorization from the Vice Chancellor for Finance and Administration (VCFA) (or designee).
 - a. Any resubmission must include supporting documentation justifying why the submission requires reconsideration.
 - b. In addition to approval of the Divisional Dean or Director (or his/her financial designee) and the VCFA (or designee), the VCFA (or designee) may require that a resubmission request undergo University legal review and/or review and approval by the Foundation President (or designee)

V. Definitions

Donor: An individual or organization who donates either money or a tangible item to UW-Madison.

Donation: Money or a tangible item given to support the University's mission of academics, research or outreach.

Quid pro quo: A transaction that is partly a gift and partly a purchase of goods and/or services.

UW-Madison Gift Deposit Routing Form: A required form used in routing payments to be deposited into a Gift Fund appropriation (Fund 233/533).

VI. Related References

[WFAA Advancement Resources web site](#)

[How to Request Funds from WFAA to University Fund 233 Projects](#)

VII. Revisions

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Revision Dates	