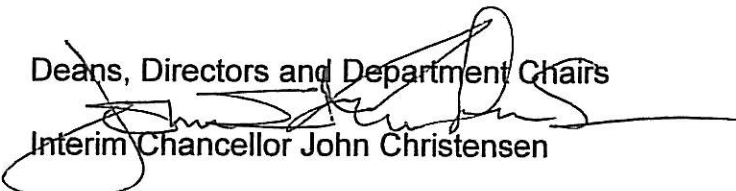


UNIVERSITY OF NEBRASKA AT OMAHA

INTERDEPARTMENTAL CORRESPONDENCE

Date: October 18, 2006

TO: Deans, Directors and Department Chairs

FROM:  Interim Chancellor John Christensen

SUBJECT: Expense Reimbursement Procedures

Request for reimbursements from the University of Nebraska Foundation or the UNO Alumni Association must comply with the following requirements:

- All reimbursement forms for all University personnel must be signed by the person seeking reimbursement.
- The business purpose must be clearly documented.
- The completed reimbursement form must be reviewed and approved by the claimant's supervisor.
- All reimbursement requests to be submitted by the President and the Chancellors shall be signed by them and approved by the Vice President for Business and Finance or the cognizant Vice Chancellor for Business and Finance, respectively.
- On a periodic basis, all reimbursements to the President and the Chancellors shall be reviewed by his/her supervisor. In the case of the President, this review shall be conducted by the Chairman of the Board of Regents. In the case of a Chancellor, this review will be conducted by the President. In each case, the expense report will be discussed at least annually during a performance review.
- All expense account transactions, regardless of fund source, are subject to annual audit. Audits may be conducted by the University of Nebraska Office of Internal Audit or the internal auditor at the University of Nebraska Foundation.

Executive Memorandum #17, which deals with disbursements from private accounts, spousal travel and the reporting of certain taxable transactions, is currently under review by our business and legal offices, and the President expects to issue a revised Memorandum soon.

Additional guidance is provided in the attached memo from Lynn Stephenson.

UNIVERSITY OF NEBRASKA AT OMAHA

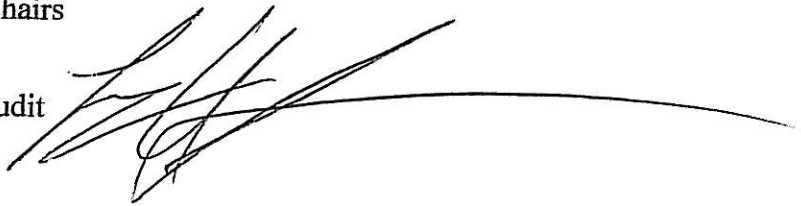
INTERDEPARTMENTAL CORRESPONDENCE

October 18, 2006

To: Deans, Directors and Department Chairs

From: Lynn Stephenson, Manager
Operations Analysis and Internal Audit

Subject: Executive Memorandum 17



Interim Chancellor Christensen has requested a review and update of our guidelines regarding Executive Memorandum #17 which deals with disbursements from discretionary accounts and taxable benefits.

1. Please make sure to include a business purpose on your requests. I would suggest tying this to one of our exempt purposes such as instruction, research or public service or to a related item of recruiting and retention or development. For example, entertaining current or potential donors could have a development business purpose. Attending a banquet or similar function in support of a local organization, such as Boys and Girls Club or the Chamber of Commerce, would have a community service or community outreach business purpose. Taking your counterpart from another campus or school to a Maverick Hockey game, even if you discuss business, has no business purpose and would be considered taxable income if submitted for reimbursement. Attending the same game with a potential donor would have a business purpose as previously addressed. Avoid using terms such as personal donation that could raise a red flag to an IRS auditor. If it is a personal donation, how can it have a business purpose? If the reimbursement is for a meal, please include a list of attendees and their relationship to the University in addition to the business purpose.
2. Items that can be reimbursed through University accounts should be processed on our books. If departmental funds are insufficient, a transfer from your Alumni or Foundation account would be appropriate. Although the Alumni account is silent on this issue, the Foundation certification you sign specifically states that you were unable to process the payment through a University account.
3. Payments to students should be verified by Financial Aid. I once received a payment request for a student for the honors convocation. In reviewing this individual's student record, I identified that he had been a scholarship student athlete. The Athletic Department was not aware of this payment request, but fortunately his eligibility had expired. If this student had a full scholarship and remaining eligibility, we could have been in violation of NCAA rules. Similar problems exist with Federal Title IV Financial Aid. Please take care in requesting these types of payments.
4. Payments for work performed by University employees, must be processed through Payroll. You may request reimbursement from your Foundation or Alumni account for the payroll transaction.
5. If you provide your employees with gifts (generally during the holidays), any cash payments or gift certificates will be fully taxable to the employee. Gift items (i.e. gift baskets, etc) will be taxable to the employee if the value is \$50 or greater.

6. If you wish to support a local organization as a gesture of community outreach or public service, request a check payable to the organization. You will not be reimbursed for payments you have made personally to another organization.
7. If you belong to a club (Country Club, Press Club, Rotary, etc), it is your membership and you are responsible for your own monthly bill. You may not submit the bill for direct payment. Payment will be handled on a reimbursement basis for those charges covered in your employment contract and other specific use that has a valid business purpose.
8. The Foundation has always required original receipts. The Alumni Association will also now require original receipts from this point forward. Meal receipts need to be the detailed receipt you initially receive and not just the credit card copy.
9. Both the Foundation and the Alumni Association have a responsibility to ensure the funds in their care are used as intended by the donor. As a result of recent events, they have a heightened awareness of this duty, so please ensure you know the purpose of the funds you use and take that into account when making payment requests.
10. Supervisory approval of withdrawals is required. Reimbursement requests must be signed by the person seeking reimbursement and approved by the claimant supervisor. Approvals can be done either on an on-going basis or via a post audit process that includes submitted claims reconciled to the Alumni or Foundation monthly report of activity. Supervisors would review and note their approval.

As always, my responsibility is to review each transaction for taxability. I am not empowered to determine the scope of authority regarding the use of the funds or the merit of the disbursement. That is your responsibility. I will try to keep you informed on a periodic basis. If you have any specific questions, please feel free to contact me at extension 4-2322 or lstephen@unomaha.edu.