

University of Louisiana System

**Title: GUIDELINES FOR
APPROVING AN AFFILIATED
ORGANIZATION'S
PAYMENTS TO OR ON
BEHALF OF EMPLOYEES**

Effective Date: January 1, 2009

Cancellation: Last Revision April 1, 2007

Chapter: Finance and Business

Policy and Procedures Memorandum

In response to Act 710 of the 2004 Regular Legislative Session [R.S. 17:3390(F)], this policy addresses guidelines and procedures for the approval and tracking of single payments over \$1,000 made by an affiliated organization to or on behalf of, or to reimburse the expenses of a System Office or University employee.

Payments To or On Behalf of University Employees for Supplemental Compensation and Related Benefits

The Board of Supervisors of the University of Louisiana System is authorized by R.S. 17:3351(A)(10) to employ or approve the employment of and fix or approve the salaries of Board and university employees. Included in the definition of “salaries” is supplemental compensation and related benefits paid to or on behalf of an employee by an organization that is legally affiliated with the Board or its universities [R.S. 42:1111(A)(1)]. “Supplemental compensation” does not include one-time payments for special awards, honorariums or stipends (for example, awards for service recognition or to supplement an employee’s classroom materials or projects, etc.) nor does the definition include payments for relocation expenses (which are more appropriately considered reimbursements of employee expenses – see next section of this PPM).

The Board requires that all requests for supplemental compensation and related benefit payments, regardless of amount, to be funded by an affiliated organization be submitted to the System Office for approval before the university or Board employee receives the

payment or benefit. The request for approval must include the employee's name, title, and amount to be paid to or on behalf of the employee, affiliate organization's name, and reason for the supplemental compensation and/or benefits. The related Personnel Action Form(s) must be attached to the request.

System Office staff will review the request for payment, considering the reason for the additional payment(s), the Code of Ethics, other UL System Policies and Procedures, laws and regulations, etc. After appropriate review, System staff will present the Personnel Action Form to the ULS Board with its formal recommendation for approval or reconsideration at the Board's next meeting. After Board approval, the affiliated organization may initiate payment to the University for disbursement to the appropriate employee(s) as required by this PPM.

When interim payments are made to a university or Board employee in accordance with a request for supplemental compensation and related benefits that has previously been approved by the Board, Board approval is not required for each payment made during the year to fulfill the approved request. An example is an annual supplemental salary paid to a coach. Once the annual supplement is approved by the Board of Supervisors, no further approvals are needed to make monthly or quarterly payments.

Absent exceptional circumstances and approval by the System President, the affiliated organization must provide the supplemental pay funds to the university or System Office for disbursement to the employee. **The affiliated organization may not pay the employee directly.**

This PPM does not apply to outside employment or contracts that a university employee may have with an affiliated organization [see PPM FS-III.VII.-1 for guidance on outside employment procedures and approvals]. Such payments are considered direct compensation for specific services provided to the affiliate – not as supplements to the compensation for services provided to the university.

**Payments To or On Behalf of University Employees
for Noncompensation-Related Expenses or
for Reimbursement of Expenses**

1. Each university shall develop internal policies and procedures for approving payments made by affiliated organizations to university employees for any noncompensation-related payments up to \$1,000.
2. Universities shall provide the System Office with quarterly reports that list all single payments that equal or exceed \$1,000 made by an affiliated organization to or on behalf of an individual university employee.
 - a) The reports will include detailed payment information for noncompensation-related payments. Supplemental compensation and related benefits approved

through Personnel Action Forms are not to be included in the quarterly reports.

- b) A report will be completed for each affiliated organization. If there were no applicable transactions with an affiliated organization during the quarter, a report indicating "No Activity" must be completed. The reports will be in a format furnished by the System Office, with **originals** (not faxed or .PDF copies) due to the System Office by the end of the month following the close of each quarter.
- c) The university will attach and file the supporting documentation for each payment with the applicable quarterly report. Supporting documentation will not be sent to the System Office unless specifically requested during the System staff's review of the reports.
- d) Pursuant to the law, these materials retained at both the university and the Board Office will be subject to inspection, examination, copying and reproduction in accordance with the Public Records Law, R.S. 44.1 et seq.
- e) Only the university president is authorized to sign each report.

Annual Report

The System's Director of Internal Audits will review and summarize the information from the quarterly reports and present an annual report to the Audit Committee and the Board of Supervisors for approval to ensure compliance with Act 710 of 2004.

Policy References:

Policy on University Foundations [PPM FB-IV.(4)]
Policy on Outside Employment [PPM FS-III.VII.-1]
R.S. 17:3390(F) - Act 710 of 2004
R.S. 17:3351(A)(10) - Power of the Board of Supervisors to fix salaries
R.S. 42:111(A)(1) - Ethics Law
R.S. 44.1 et seq. – Public Records Law

Review Process:

Presidents
Chief Fiscal Officers
Chief Institutional Advancement Officers
Directors of Internal Audit

Distribution:

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