



Encumbrance and Expenditure Policy

Policy Information

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Encumbrances

An encumbrance is a special type of accounting transaction that anticipates a future expenditure. Funds are encumbered, or set aside, in a particular budgetary account for a specific future purchase. Encumbrance is the first part of a three-part process for purchasing and paying for goods or services. An encumbrance system requires that proper authorization must be obtained before a purchase takes place and before a financial commitment occurs. An encumbrance approval system is proactive rather than reactive since the officers can approve, question, or if necessary, pre-empt a potential commitment of funds from taking place before a legal liability is incurred.

The Student Association uses an encumbrance system for purchasing. All expenditures must be encumbered for and approved by the following parties before a financial commitment occurs or before a purchase takes place:

1. A Finance Professional Staff Member or Treasurer
2. The SA Treasurer or designee
3. Either the SA President or Vice President
4. The Campus President or their Designee

Each of these parties are reviewing for different items. Level One is reviewing for:

1. That the encumbrance is coming out of the correct budget line
2. That there are enough funds available in the requested line for the expenditure
3. That all required documents are attached
4. That the encumbrance is in line with all SA and SUNY policies
5. That any directives given to the requestor have been followed
6. That, if applicable, any contracts have been submitted for review through the SA website
7. That, if applicable, ticket office forms have been submitted for merchandise and event ticket sales
8. That, if applicable, merchandise being ordered matches the sales form from the pre-sale
9. That there is a reasonable amount of time to allow for all approvals to be granted before the purchase needs to be made
10. That there is enough time for ordered items to arrive by the date the items are needed
11. That, if applicable, additional insurance has been requested
12. That other miscellaneous items have been covered and requested so that a purchase can be made
13. That there is storage for the appropriate items according to the Capital Equipment and Disposal Policy and the Inventory Policy

The Treasurer or designee is reviewing the requests for:

1. That all required documents are attached, reviewing them for compliance and consistency with the request
2. That the encumbrance is reasonable and is in line with all SA and SUNY policies and officer's fiduciary obligations

3. That any directives given to the requestor or club have been followed
4. That the purchase is in line with the club's purpose
5. That there is a reasonable amount of time to allow for all approvals to be granted before the purchase needs to be made

The President or Vice President are reviewing the request for:

1. That the encumbrance is reasonable and is in line with all SA and SUNY policies and officer's fiduciary obligations
2. That any directives given to the requestor or club have been followed
3. That the purchase is in line with the club's purpose
4. That there is a reasonable amount of time to allow for all approvals to be granted before the purchase needs to be made

The Campus President or their Designee reviews the requests for compliance with SUNY and University at Buffalo Policies and Procedures.

Proper documentation proving the expenditure relates to a club event and the club's purpose is required to be attached to all requests.

Checks will not be processed without

1. All proper documentation being submitted
2. Available funds to cover the expense within the appropriate expense account
3. Submission and approval through the University at Buffalo Student Association Inc.'s encumbrance system

The SA Officers and Campus Designee have the right to deny an expenditure request if it does not meet the criteria listed. They are responsible for reviewing for accuracy and compliance.

Club Budget Pauses

During certain times of the fiscal year additional restrictions may be placed on budget line spending. Typically, this tends to happen during the summer and winter sessions. Club budgets will be paused pending they meet the criteria set by the Treasurer or Student Association Officers for their budgets to be opened and used. These criteria will be the same for all clubs. This is done to help limit overspending, to encourage clubs to spend the bulk of their budgets when the most students are on campus, and to allow one budget year to close and the next to open with as few outstanding expenditures that must be transferred from one budget to the next as possible. After the new budget opens on August 1, club budgets will remain paused until they have received the annual SA Treasurer-designated finance training.

Tax Exempt

SA is a tax-exempt entity. Therefore, no New York State sales tax is to be paid on purchases made by SA, or any state that recognizes our NYS Tax Exempt status. The person purchasing goods or services may request for SA to send a tax-exempt form to the vendor (unless the vendor already has one on file). SA will not pay any NYS sales tax, and in the case of a reimbursement, any NYS sales tax paid will not be reimbursed, excluding those not covered by our NYS Tax Exempt status.

Advances

Advances shall be limited to the reasonable amounts necessary to fulfill the stated purposes, with no other preferred payment option available. All expenses for the advance must be itemized. All advances shall be settled promptly after completion of the activity or event. Signing out an advanced check requires the club member or employee to provide a paid in full invoice or original signature on a contract within ten (10) business days after the event, and they may be required to provide proof of event attendance.

For clubs that request an advance check, failure to bring back the necessary paperwork after the event will result in the club's budget being frozen, meaning all finance paperwork for the club will be paused until the advance has been satisfied. Turning in the proper documentation will satisfy the advance and finalize the process. Only after the advance has been satisfied will the club's budget be unfrozen.

The Student Association will not authorize an advance payment if there are reasonable concerns that the vendor may not deliver the promised goods or services, or that SA may not be able to adequately enforce its rights as a practical matter after a payment is made.

Reimbursements

Reimbursements should only be used for purchasing goods or services that cannot be comparably purchased using a PO or one of SA's accounts. Reimbursements must be encumbered for and approved by the above listed four parties before a financial commitment or a purchase occurs by the individual.

Honoraria

Neither SA nor any SA club may pay a current UB student, professor, or staff member an honorarium for any speech given at any SA or club conference, convention, meeting, event or like gathering.

Security

The SA President or SA Administrative Director may designate one or more companies that may act as SA's only approved vendors for security services. No requests to use any other companies for security services shall be granted, except that the SA Officers may allow use of another company if the event is off campus, and the venue requires the use of the other company. The only people who may give instruction to any security company on behalf of SA or any SA club shall be the SA President, the SA Administrative Director or another SA Professional Staff Member designated by the Administrative Director.

Overspending Budget Lines

No club or SA department shall overspend their assigned budget line(s), which is defined as spending the budget line into the negative. No requests, POs, or vouchers will be processed that would make any line negative.

Trade Agreements and In-kind Agreements

While it is acknowledged that trade agreements are a common business practice in the private sector, the nature the Student Association is such that trade agreements are not permitted. Student Association assets are not to be used at individual discretion, for personal gain, or traded to outside parties in exchange for goods or services.

If there is an instance where SA and a vendor both wish to sell or sponsor goods, services, or activities mutually from each other then they must be completed as separate transactions. SA shall never enter into an in-kind agreement with any outside vendor. The proper procedure is for SA to purchase the desired goods or services from the vendor at no more than fair market value, and for SA to enter into a separate agreement to sell goods or services to that vendor for at least fair market value or to obtain a sponsorship from such vendor.

Exceptions to Pre-Approval of an Expense

The Student Association reserves the right to approve expenditures after the purchase has been made only when it pertains to one of following occurrences:

1. There is a safety issue or concern. Examples of this may include, but are not limited to, a club needing to change hotels due to health concerns, a vehicle breaking down and members needing to be transported somewhere safe, an expense critical to the health and safety of attendees of an event etcetera. All parties involved in the approval process will work together to process such expenditures and make sure everyone is safe and can make it back to campus safely.
2. Referees for competitive events which SA is responsible for paying directly and that are not assigned with enough time to complete the regular encumbrance process. Prior to the event, the club E-Board is responsible for:
 - a. submitting a home game schedule to the SA Treasurer prior to the start of their season including:
 - i. expected number of referees at each game and
 - ii. pay rate per referee and
 - b. Submitting a request for funds through the SAFE system for each referee selecting “Unknown Referee” as the vendor.

The submitted information will be sent to the required signatories to be approved outside of the system, upon approval by the parties the contracts will be signed by the SA E-board and sent with the club to each event.

At each game it is the responsibility of the club E-Board to collect a fully completed and signed W9 and a referee contract signed by the referee. Within 2 business days the club must submit both completed documents to the SA Finance Department for payment processing. This exemption shall also include judges, umpires, and other officials, which SA is responsible for paying directly and that are not assigned with enough time to complete the regular encumbrance process.

3. The Student Association strives to complete all requests in a timely and efficient manner. In the event SA has made a documentable mistake within the process of an encumbrance that would have otherwise had enough time for processing, SA will do everything within their power to rectify the situation within the encumbrance system. If the situation cannot be solved within the encumbrance system, the signatories will meet to discuss the situation and options, if any, may allow the encumbrance to move forward.
4. As necessary to meet obligations in an otherwise validly approved contract.
5. As necessary to meet any of SA’s legal obligations.