MEMORANDUM

To: Signatories, Health Science Center at Brooklyn Foundation Accounts

CC: Deans

From: Astra Bain-Dowell
President, Health Science Center at Brooklyn Foundation, Inc.

Date: March 17, 2015

Re: Payment request processing for The Health Science Center at Brooklyn Foundation, Inc.

Recent results of our independent auditor’s report on internal control matters have identified certain weaknesses and deficiencies. The Board must remediate these issues. The Health Science Center at Brooklyn Foundation, Inc. (HSCBF) is issuing this update regarding the payment review process and requirements of documentation in response.

All funds are to be used as per the donor’s intentions. The HSCBF, as the custodian of these funds, is required to review expenditures to confirm that they comply with these intentions and are expended as per federal and state regulations.

Requests for payments must be for items permitted by the purpose for which the fund was established. Please review the fund purpose to assure that your requests meet the intent of the donor/fund.

Payment requests must be made using the approved (link) form: http://downstate.edu/fsa/documents/HSCBF002.xls. Please be sure that you sign and print your name on the Payment Request & Voucher form. Only authorized signors may approve and original signature is required; signature stamps are not allowed.

The HSCBF is exempt from New York State sales tax. Do not include any reimbursement requests for New York State sales tax. Tax exempt forms are available in the FSA/HSCBF office located in the Student Center.

Requests for payments should be made within one month of the services being rendered so they are recorded and paid in a timely basis.

Your compliance with these HSCBF requirements will enable us to expedite your payments. If you have any questions, please contact Rodney Venten, Director of Finance, at Rodney.Venten@downstate.edu or at extension 3148.

Please use the following table as a guide.

Thank you.
<table>
<thead>
<tr>
<th>Type of Payment Request</th>
<th>Actions Required</th>
<th>Documents Required</th>
<th>Notes</th>
</tr>
</thead>
</table>
| Catering & Entertainment| • All external vendor contracts must be submitted in advance for approval by the HSCB Foundation.  
• Describe purpose of vendor payment.  
• No work should be performed prior to a signed contract being in place. No contract in the name of the HSCB is valid unless signed by an Officer of the HSCBF.                                                                                                                                                                                                                         | • A listing of all attendees.  
• Original detailed invoices paid.  
• Itemized restaurant receipts  
• Credit card receipt or statement.  
• Copy of approved vendor contract.  
• If the contract is limited by dollar amount, an attachment showing the spend down of the dollars should be included.  
• Completed W-9 form from vendor.                                                                                                      | Reimbursement for services will not be made without a valid contract.                                                                                                                                                                                                                                                                                                                                                                                      |
| Equipment Purchases     | • Describe purpose of the equipment purchase. If purchase price is >$2,000, preapproval is required.  
• Indicate on invoice that equipment was received in good working order.                                                                                                                                   | • Original invoice addressed to the HSCB Foundation.  
• If computer related, provide copy of Information Services approval that the equipment is compatible to DMC systems and security.                                                                                                  | Items greater than $2,000 are considered assets of the Foundation and must be tagged.                                                                                                                                                                                                                                                                                                                                                      |
| Honorariums, scholarships, stipends and awards | • Describe purpose of payment.  
• Follow Selection Criteria Guidelines - to ensure fair process and avoid future liabilities, follow recipient selection criteria-see Notes.                                                                                                                                                                                                                          | • Supporting documentation establishing this payment request.  
• Provide address and social security number of recipient.  
• An explanation of the process/committee used for selection of the recipient of the scholarship / award and the reason that candidate was chosen must be included to ensure fair process.  
• Honorarium events-supporting documentation must include descriptive literature and list of attendees.                                                                 | Scholarships/Awards Recipient Selection Criteria  
• Independent selection committee must be used. Family members of current or former officers, directors, major contributors, members of any scholarship selection committee are disqualified from scholarship receipt. Members of selection committee cannot derive any benefit from choosing recipient (e.g. have relatives in applicant pool)  
• Use metrics such as academic performance, test scores, recommendations, financial need, character evaluation interview  
• Purpose consistent with account establishment purpose  
• For student recipients-should meet rules that will be non-taxable income. Students should verify scholarship is spent on education costs such as tuition, fees, supplies, and consult tax advisor for treatment of award.                                                                 |
| Individual services payment | • All external vendor contracts must be submitted in advance for approval by the HSCB Foundation and will be reviewed by university counsel. Describe purpose of payment.  
• No work should be performed prior to a signed contract being in place. No contract in the name of the HSCBF is valid unless signed by an Officer of HSCBF.   
• Review, confirm accuracy and sign off on invoice.  
• Describe purpose of vendor expense.                                                                                                                                                                                                 | • Copy of the approved contract.  
• If the contract is limited by dollar amount, an attachment showing the spend down of the dollars should be included.  
• Spreadsheet indicating total contract dollars approved and amount remaining available for invoices.  
• IRS Factors of the Common Law Test (20 Q's form)                                                                 | Reimbursement for services will not be made without a valid contract.  
HSCB Foundation Contract Template and IRS Factors form can be found at http://www.downstate.edu/finance/HSCB_forms.html                                                                                                                                           |
| Individual reimbursement for program expenses | • Indicate purpose of vendor payment.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | • Original detailed invoices paid.  
• Credit card receipt or statement.                                                                                                                                                                                                                                                                           | Account holders may reimburse State employees for out-of-pocket expenses incurred by the employee. May not pay salary, bonuses, or any form of remuneration directly to State employees. Such payments must flow through a State IFR. Account holders who plan to pay employees must notify the HSCB Foundation Business Office in advance.                                                                 |
| Research Activities      | • Funds received from outside sources that will be used to support sponsored research must be deposited into an appropriate Research Foundation (RF) account.                                                                                                                                                                                                                                                                                                                                 | • Original detailed Invoices paid.  
• Credit card receipt or statement.  
• Remove expenses for other individuals not approved for travel.  
• Copy of conference details if applicable.                                                                                                                                                                                                                                                                                                                                                               | The Foundation does not reimburse using per diem rates; original detailed receipts required. e.g. no first class travel, no hotel suite rentals, no car rentals without documentation to justify the need. Travel is only for the individual approved.                                                                                                                                                                |
| Travel & Hotel Costs     | • Indicate purpose of travel.  
• Most economical means of travel shall be used.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | • Original detailed Invoices paid.  
• Credit card receipt or statement.  
• Remove expenses for other individuals not approved for travel.  
• Copy of conference details if applicable.                                                                                                                                                                                                                                                                                                                                                                   | Requests for payment of services in advance are not permitted. Corporate accounts in the name of the HSCBF are not permitted. e.g. Staples, Office Depot.                                                                                                                                                                                                                       |
| Vendor Payment           | • Review, confirm accuracy and sign off on invoice.  
• Describe purpose of vendor expense.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | • Original Invoice addressed to the HSCB Foundation                                                                 |                                                                                                                                                                                                                                                                                                                                                                                  |