

Guidelines for Expenditures from University Funds

These procedures identify permissible and impermissible uses of various types of university funds.

I. Introduction

Stephen F. Austin State University (SFA) receives funds from a variety of sources, including state appropriations, tuition and fees, auxiliary revenues (housing, meal plans, parking permits and fines, etc.), departmental sales and services, grants (sponsored project funds), and gifts. Most of the funds received are for specific, limited purposes or are subject to restrictions by the Board of Regents (Regents), state and federal legislation, and rules of other oversight agencies. The university uses all funds, regardless of type, in a manner consistent with applicable federal and state laws and regulations, university policies, and other restrictions or designations governing their use. These guidelines are listed on both the Procurement and Property Services website and the Controller's Office website.

II. Fund Definitions

Education and General (E&G) Funds (Appropriated Funds) – 10755x, 13061x, 13047x

Appropriated Funds, also referred to as “Education and General (E&G) Funds” or “state funds”, include all revenues appropriated to SFA through Texas legislation. Appropriated Funds also include other revenues collected by the university that must be remitted back to the state. These funds include statutory tuition, fees for individualized instruction, lab fees, graduate tuition, and certain other fees specified in legislation as Appropriated Funds. Also, certain “organized activities” are identified as E&G. These include, but are not limited to, revenues generated by the early childhood laboratory, soils lab, and beef farm. Appropriated Funds are identified by their specific related appropriation: 10755x (General Appropriations), 13061x (Research Development Fund), and 13047x (Higher Education Fund (HEF)). When money from these sources is transferred to other funds, it does not lose its designation as Appropriated Funds, and must be treated consistently with its original funding source. All funds in these categories are subject to state legislation, and as such, have restrictions as to how these funds can be spent. For instance, HEF funds are subject to specific rules, and often the university has to rely on legal interpretations of the General Appropriations Act to determine whether the use of these funds would be appropriate for certain expenditures. HEF transferred to Plant Funds for a specific construction project are subject to the same rules and regulations as if they were spent in E&G. Appropriated Funds are NEVER considered funds that can be used for discretionary purposes. Therefore, as discussed below, when specific purchases are only allowed with funds that can be used for discretionary purposes, E&G Funds may NOT be used.

Designated Funds – 15xxxx

Designated Funds are funds that originate from designated tuition and certain fees. Departmental sales and services that are not generated by auxiliary enterprises or specifically listed in the General Appropriations Act are reported in Designated Funds. In the Banner finance system these funds start with 15. Most of the individual funds in this fund group are related to their

specific source of income. Texas public universities cannot charge fees to students that are not authorized by statute and/or approved by the Regents. Most fees recognized as Designated Funds are fees that are charged to students to offset the cost of the service. These fees are charged under the incidental fee statute, or by other specific legislation. Because these statutes stipulate that these fees are charged to cover costs of providing the service, Designated Funds that are related to specific fees cannot be used as funds for discretionary purposes.

Included in this category are educational sales and services that are not specifically addressed in the General Appropriations Act or recognized as auxiliary enterprises. Funds generated from the sales of goods and services may be used for discretionary purposes. These funds are identified as beginning with 150008 (Publications and Workbooks) or 150010 (Designated Sales and Services).

Distributions of recovered indirect costs (IDC) to departmental accounts (150040) and unspent balances from fixed priced contracts referred to as fixed price residual funds (150045) are also recognized in Designated Funds. These two Designated Funds are not considered funds that can be used for discretionary purposes, and expenditures are to be spent in accordance with guidelines set by state legislation (TEC 45.001 for IDC) and the Office of Research and Sponsored Programs (for fixed price residual funds).

Designated Funds are generally less restrictive than Appropriated Funds or E&G Funds. Since the funds in this category are normally related to a specific source of income, treatment varies as to how these funds can be spent. If the funds are generated from a specific fee or designated tuition, these funds are NOT considered funds that can be used for discretionary purposes. Of the Designated Funds group, **only 150001, 150008, 150010 and 159990 are considered funds that can be used for discretionary purposes.**

Restricted Funds – 2xxxxx

Restricted Funds are identified in Banner as funds starting with a “2”. Restricted Funds are generated from sources outside of the university as gifts or grants. Restricted grant funds (20xxxx-279999 or 2Rxxxx) are subject to the specific terms of the grant and are never considered funds that can be used for discretionary purposes. For policies and procedures governing grant funds, see the Office of Research and Sponsored Programs, Grants and Contracts Procedures Manual.

Restricted gift funds (28xxxx or 29xxxx) are restricted by the donor. Donors may restrict the use of these funds to specific departments (i.e., math) or for specific purposes (i.e., scholarships). If a donor specifies that a specific department can use these funds as their discretion, they are treated as funds that can be used for discretionary purposes. Distributions from Endowment Funds are also recognized in the Restricted Funds. Normally, these are to be used for the specific purposes established by the donors, for example, scholarships and professorships. In a few instances, these funds can be used at the discretion of the department, and will be treated as funds that can be used for discretionary purposes. However, most of these funds are not considered funds that can be used for discretionary purposes. Specific funds identified as discretionary will be listed on the controller’s office website.

Auxiliary Funds (3xxxxx)

Self-supporting activities are recognized in the Auxiliary Fund. These activities include income and expenses from housing, food service, parking, student activities, and athletics. The Student Service Fees and Student Center Fees are also included in Auxiliary Funds. Auxiliary Funds are differentiated depending on whether revenue is pledged for debt service. Non-pledged Auxiliary Funds are identified in Banner as beginning with a 31. Pledged Auxiliary Funds are identified as beginning with a 35. Any Auxiliary Funds funded with tuition or fees are NOT considered funds that can be used for discretionary purposes. **Auxiliary Funds that can be used for discretionary purposes are 310010, 350010 and 350030.**

Endowment Funds (5xxxxx and 6xxxxx)

Endowment Funds are funds that are normally created by gifts in which the donor stipulates that only income from the funds are to be spent, and the gift itself (the corpus) is to be held for perpetuity. Endowment Funds are classified as true endowments (6xxxxx) or quasi-endowments (5xxxxx). True endowments are gifts made to the university with restrictions placed by the donor that only the interest or income generated from the gifts are to be spent by the university. True endowments can be considered “term” endowments, if they have not met the specific terms of the gifts. Because of university restrictions on the size of the gift before it will be used as an Endowment Fund, some term endowments are gifts made to the university, but until they reach the thresholds set by the university, no income is distributed from those endowments.

Quasi-endowments are endowments established by the university rather than a donor. Gifts to specific departments to be used as their discretion may be set up as quasi-endowments with Regents approval; however, once they are set up as Endowment Funds, only the income from the funds are to be spent by the department. These are considered restricted quasi-endowments, and are treated similarly to true endowments. Additionally, the university, with Regents approval, can set aside excess funds for investments, and treat these as quasi-endowments. Account managers of endowment spending accounts have the obligation to treat distributions from the Endowment Funds as restricted for the purposes spelled out by the donor. These spending accounts are normally recognized as Restricted Funds. Only those funds the donor stipulates that the funds can be used at the discretion of the department funds can be used for discretionary purposes. A list of the funds that can be used for discretionary purposes are listed on the controller’s office website.

Loan Funds (4xxxxx)

Loan Funds can be restricted or unrestricted. These funds are designated specifically to be used for students to pay their tuition and fees or otherwise offset the costs of education. These funds are replenished when students repay the loans and any interest or fees associated with the loans. Federally funded loans given to students through the direct loan program are NOT recognized in Loan Funds. Instead, these loans are considered direct loans to the students, and are treated as Agency Funds. (See Agency Funds, below) The primary source of Loan Funds is the Perkins loan program (which is no longer funded by the federal government, but continues to provide loans based on prior loan repayments) and set-asides from tuition for the Texas Public Education

Grants (TPEG). These set-aside Loan Funds are restricted by legislation, and though the legislation has changed over time, can currently only be used for tuition, fees, and books, but cannot be used for other university charges such as room and board. Loan Funds are NEVER considered discretionary funds.

Plant Funds (90xxxx-98xxxx)

Plant Funds are funds used primarily for projects that are either capitalized or are anticipated to cross fiscal years. These are segregated as Unexpended Plant (91xxxx, 92xxxx, 93xxxx and 94xxxx), Renewal and Replacement Funds (R&R Funds) (96xxxx and 97xxxx), and Investment in Plant (989000). When transfers are made from one of the current fund groups to support these projects, expenditures must be treated consistently with the original source of income. Therefore, even though each project will have its own fund (i.e. Coliseum Air Handler), it will be designated as a HEF project or an auxiliary project. When projects are funded from more than one source, they may have different funds. Plant Funds are NEVER considered funds that can be used for discretionary purposes.

Retirement of Debt Funds (981xxx)

Retirement of Debt Funds are funds recognized in the Plant Funds. These are funds from which the annual debt service payments are made. Funds are budgeted and transferred from current funds (E&G, Designated, or Auxiliary) to pay the annual debt service. Retirement of Debt Funds are NEVER considered funds that can be used for discretionary purposes.

Agency Funds (8xxxxx)

Agency Funds are funds held by the university for specific organizations, clubs, student or faculty groups, etc., associated with campus activities. The university acts as a custodian or agent with a fiduciary relationship for these funds. Receipts and payments in these funds are not considered university revenues and expenditures. Payments from these funds are subject to Texas sales tax laws. These funds may be used for discretionary purposes, but since they are not controlled by the university, they would normally not be identified for use when only funds that can be used for discretionary purposes are allowed for a specific expenditure. Payments are identified as “disbursements from an agency account.” They can be used for any legal purpose. However, payments from these funds are subject to audit, and may come under the scrutiny of individuals outside the university.

III. Standards

Expenditures for the following items are routine, operational in nature, and easily documented as university mission-based expenditures: faculty and staff salaries; classroom, research and support equipment and supplies; and plant operation and maintenance. However, expenditures such as entertainment, gifts, food purchases, meals, purchases for the office to be used for the convenience of employees, certain recruitment and relocation expenses, excess travel costs above the amount allowed under Texas law, gifts, prizes and awards may require additional supporting documentation and will be reviewed by the Controller’s Office. As a general rule, if categories of funds other than funds that can be used for discretionary purposes are available to

address a funding need, and if those funds can be used for the intended purpose consistent with any restriction on their use, then such other funds must be used before funds that can be used for discretionary purposes are applied. Expenditures that confer a personal benefit are not allowable. Appropriate documentation must accompany all expenditures and should include receipt(s), identification of business purpose, date, location, and names of persons involved and their business relationship to the university.

The following standards illustrate some common issues concerning the uses of university funds. These standards reflect applicable law, regulation, and policy, as well as letter guidance and audit findings directed to Stephen F. Austin State University and other state agencies. An abbreviated version of the information below can be found in Appendix A.

University funds that can be used for discretionary purposes

Funds that can be used for discretionary purposes are funds that are not government appropriated, do not carry restrictions as to usage or purpose, and are not designated by the university for a particular use. Funds that can be used for discretionary purposes can be used for any legal purpose that will advance the mission of the university and must be for a valid business purpose.

Funds that can be used for discretionary purposes include the following categories:

- Auxiliary Funds generated from sales and services (310010 and 350010)
- Donated gifts funds identified as development, discretionary, excellence, support or “friends of” funds unless restricted by the donor for a specific use (see the controller’s office website for a complete list of these funds)
- Designated Funds – general (150001)
- Designated Funds generated from the sales of publications or workbooks (150008)
- Funds generated from sales and services in Designated Funds (150010)
- Funds generated from interest or investment income (159990 or 350030)
- Funds raised and/or earned by student and/or employee organizations (81xxxx)
- Other locally generated income not restricted to administrative, education and general, research, plant expansion, loan, and endowment purposes and/or scholarships.

A complete list of the specific funds that can be used for discretionary purposes is listed on the controller’s office website. If a department would like to add other funds to that list, they would need to send documentation to support that the funds may be used for discretionary purposes to the controller’s office. Additionally, if a fund is included in the list as discretionary, and the department knows of reasons why it should not be included on the list, the department is responsible for notifying the controller’s office to update the list to exclude it so it will be treated in accordance to any legal or donor restrictions.

Expenditures for discretionary purposes, whether for meals; travel; lodging; business entertainment; official functions; sponsorship of tables or events; gifts and awards; or

memberships, must comply with all university policies that apply to the type of expenditure and must be accompanied by appropriate documentation including receipt(s), business purpose, date, location, and names of persons involved. The flexibility associated with funds that can be used for discretionary purposes means that judgment is required in determining the propriety of some expenditures. While the uses for which these funds may be applied are indeed discretionary, the expenditures must be for the benefit of the university.

In these cases, the prudent person test applies, which means the employee determining the appropriateness of the expenditure must be comfortable with the prospect that this expenditure decision could come under the scrutiny of individuals outside the university – including donors, auditors or the press.

Permissible and Impermissible Uses

1. Advertising, Marketing, and Promotional items

Designated Funds, Auxiliary Funds and funds that can be used for discretionary purposes may be used for advertising, marketing and promotional items, as long as they are not excessive in nature. Restricted grant funds may be used if specifically provided for in the grant, contract or sponsored agreement. This includes items such as pens, pencils, erasers, water bottles, coffee mugs, key chains, and t-shirts purchased as promotional items. Clothing purchased (including t-shirts) for employees are discussed in the section Clothing and Uniforms below.

2. Alcohol

The only university funds that may be used to purchase alcohol are funds that are approved for discretionary uses. Under no circumstances will Appropriated Funds, funds under the control of the athletics department, or funds generated by research grants and contracts be used to purchase alcohol. Purchases of alcoholic beverages must be approved in advance by the appropriate Vice President. For university sponsored or co-sponsored events where alcohol is served, university policies regulating the sale and/or distribution of alcoholic beverages apply. These policies include 16-27, The Ed and Gwen Cole Art Center and the Griffith Gallery; 16.33, Use of University Facilities; and 13.11, Illicit Drugs and Alcohol Abuse.

3. Amenities

An amenity is a gift item that helps to build, strengthen and promote relationships with groups and individuals, on and off campus. Funds that can be used for discretionary purposes are the only types of funds that may be used to purchase amenities. Purchases of amenities are subject to IRS guidelines and University Policy 3.18, Gifts, Prizes and Awards. These expenditures are appropriate for the President's Office, University Advancement and other departments for officially sanctioned university activities, such as commencement, convocation, or official faculty and staff recognition activities.

4. Awards and Gifts to University Employees

Gifts of cash, including gift cards and gift certificates, to employees are not allowed, regardless of the source of funds. Gifts other than cash, gift cards or gift certificates to employees are allowed when such gifts have a business purpose and are approved in advance by the President or Vice President, or the authorized approver for Board of Regents purchases (Board of Regents purchases only). These gifts to employees are subject to IRS guidelines. For any gift greater than \$100 in value, the department must report the following information to the controller's office for tax purposes: recipient name, social security number, address, and purpose and value of the gift. Only funds that can be used for discretionary purposes may be used for gifts for employees.

Monetary awards may be given to employees for meritorious performance or other reasons connected with employment, but ONLY as part of an established campus-wide program or a program within a college approved by the dean and the provost and vice president for academic affairs. The Teaching Excellence Award and the President's Award are examples of established campus-wide programs. Refer to Policy 12.20, University Awards Programs, for information on what criteria are used to qualify an award within a unit or department. Monetary awards will be paid through the payroll office in order to ensure that appropriate taxes are withheld and they are reported correctly on the employee's W-2.

Non-cash awards given to employees as length of service awards are acceptable as long as they are valued at less than \$400 per year per employee. These awards may ONLY be administered by the Department of Human Resources or in a ceremony approved by Department of Human Resources and the appropriate Vice President. For IRS purposes, the award is excluded from the employee's taxable income if the award is for length of service or safety achievements. This IRS exclusion does not apply to cash, cash equivalents, gift certificates, or other intangible property such as vacations, meals, lodging tickets to theater or sporting events, stocks, bonds or other securities. If the value of the non-cash award is valued at more than \$400 or does not meet the IRS rules as excludible income, the amount must be reported to the payroll department and may be included on the employee's W-2 as a taxable benefit.

Other non-cash awards given for meritorious performance, or other reasons connected with employment, (other than length of service or safety awards) must be of nominal value (less than \$50). Designated, Auxiliary or funds that can be used for discretionary purposes may be used for monetary or non-cash awards for employees.

For purposes of these guidelines, awards and gifts to employees do not include those gifts or prizes that an employee receives where the individual's employment is incidental to the basis on which the prize or award is given, for instance door prizes or a prize for an essay writing contest.

For any prize or award greater than \$100 in value, the department or organization sponsoring the contest, game of chance, etc., without the purchase of a chance or ticket must report the following information to the controller's office for tax purposes: recipient name, social security number, address, and purpose and value of the prize or award. For more details, see University Policy 3.18, Gifts, Prizes and Awards.

5. Business Meals

A business meal is defined as a meal that includes more than one person, includes at least one university employee, and has a substantive and bona fide business purpose deemed essential to the university's mission. Funds that can be used for discretionary purposes and other non-appropriated university funds may be used for business meals, subject to the limits stated below. Solicitation or cultivation of a donor and recruitment of faculty/staff are examples of business meals. The cost of the business meal must be reasonable (not to exceed \$25 for lunch or \$50 for dinner per person, including drinks and gratuities) and the documentation must include receipt(s), business purpose, date, location, and the names of persons involved and their business relationship with the university. As a general guideline, university funds, regardless of their source, should not be used to pay for business meals if the only persons involved in these meals are university employees. Exceptions to this guideline apply to meals provided as part of a working lunch (there must be a written agenda and the meal must be served during normal meal times) or an awards ceremony recognizing an employee or employees for a specific achievement.

6. Call-Back or Local Business Mileage

Discretionary funds, Appropriated Funds, and other university funds may be used for travel expenses associated with on-call call back mileage or mileage between the main campus and remote campus properties such as the Science Research Center, beef farm, etc. Reimbursements for local travel are paid through Accounts Payable and are not reimbursed as travel expenses. The rate of reimbursement will be the mileage rate used for travel reimbursements, which is published on the travel website.

7. Cards and Flowers

Generally, cards and flowers sent to staff persons within a department are considered personal expenses, and should not be purchased with university funds, but should instead be purchased by the staff sending the card or flowers. This includes holiday cards, get-well cards, retirement cards, sympathy cards, and birthday cards. The Board of Regents, President, Provost and Vice Presidents and deans may use funds that can be used for discretionary purposes to send cards or flowers appropriate to the occasion from the university, the division or college.

Cards or flowers should be issued in the name of the sending department or office, and not a specific individual.

8. Cell Phones/Smart Phones/Tablets/Computers

University funds may be used to purchase cell phones, smart phones, tablets or computers for university use. University funds can also be used for a communication allowance for certain employees. The communication allowance may not exceed the actual amounts paid for the service. Phones, tablets or computers provided for an employee are subject to the university's policies and procedures related to controlled equipment. Employees are discouraged from using university provided phones, tablets or computers for personal use, since any records on these devices may be subject to university public information requests.

9. Charitable and Political Contributions

No university funds, regardless if they are designated as funds that can be used for discretionary purposes, can be used for charitable or political contributions. Agency Funds (see definition above) may be used because these are treated as distributions from an agency account rather than as university expenditures. Occasionally, departments may be asked to contribute non-cash items to charitable organizations for fund raising activities, such as season tickets to athletic events or the Fine Arts Series or memberships to the Recreation Center. These are considered promotional items, and are permissible. However, cash donations are not allowed.

10. Clothing and Uniforms (Including T-Shirts, etc.)

Clothing purchases for employees are not allowed with Appropriated Funds and certain grant funds, except for uniforms or apparel required to be worn by certain employees (for example, residence life staff, coaches and athletic staff). The occasional purchase of t-shirts, jackets, etc. may be purchased with non-appropriated funds; however, these optional purchases for employees should be limited to one item of clothing per employee per year. The value of the clothing item should not exceed \$50 per year. If additional items are provided to an employee, or if the cost exceeds \$50, the employee will be responsible for reimbursing the department for these purchases. See University Policy 3.18, Gifts, Prizes and Awards for additional details.

11. Conferences, Seminars, Workshops, Committee Meetings, Training Sessions and Retreats

The source of funds that can be used for these types of functions is dependent on whether persons from outside the university are involved. If other persons other than university employees attend, funds that can be used for discretionary purposes, Appropriated Funds, and other institutional funds may be used for professional business activities that are considered conferences, seminars, workshops, committee meetings, training sessions, or retreats. Examples of these types of meetings include:

- Committees established to include broad-based campus participation
- Search committee for senior academic and administrative officers
- Faculty and staff who are working with the Southern Association of Colleges and Schools (SACS) reaccreditation committee
- Departmental conferences, training programs, receptions (other than those held for employees), business meetings, seminars, and acknowledgements
- Management retreats attended by the President or Vice President and his or her top assistants and coworkers
- Employment-related educational classes or programs

Appropriated Funds may not be used for these types of meetings if only university employees are in attendance.

12. Convenience Items

Convenience items for the benefit of employees and visitors such as coffee, soft drinks, and bottled water may not be purchased using Appropriated Funds. Designated and Auxiliary Funds

can be used to purchase these items, provided they are available for both employees outside the department and visitors of the university. Convenience items may also include items found in a first aid kit. These purchases are allowed with non-appropriated funds. However, purchases of prescription medicines and pharmaceutical drugs are not allowed in this context, when purchased as a convenience item. This guideline does not apply to prescription medicines and pharmaceutical drugs purchased by the health clinic or athletic trainers for the treatment of patients.

13. Cultivation of Donors and Development of Community and Institutional Relationships

Funds that can be used for discretionary purposes are the only types of funds that may be used for cultivation of donors and potential donors and development of community and institutional relationships.

14. Entertainment

Entertainment includes tickets to concerts, plays, or athletic events, including golf tournaments, unless they relate to fund-raising activities for potential university donors, recruitment of faculty or administrative staff, entertaining official guests of the university, or events where there is an expectation to attend as part of the employee's official capacity. In all such instances, clear benefit to the university must be demonstrated. Funds that can be used for discretionary purposes are the only types of funds that may be used for entertainment. Appropriated Funds and other institutional funds may not be expended for this purpose. Entertainment does not include meals, lodging, rentals, transportation and gratuities relating to valid business travel, in which case the Travel Policy 3.29, would apply. When traveling, an employee may have the option to participate in "optional" events, like a city tour or a golf tournament. These optional events are considered personal expenses, and will not be reimbursed by the university unless the traveler can establish a valid business purpose for participating in the event. If so, then only funds that can be used for discretionary purposes can be used to reimburse these expenses.

15. Equipment Related to Food Preparation or Storage

Unrestricted university funds, including Appropriated Funds, may be used to purchase equipment and supplies related to the preparation of food. These are items that are used and reside in the work place for the convenience of the employees. Examples of such items include refrigerators, ranges, microwaves, coffeemakers, sinks, soap, and dish towels. All equipment must be accounted for as described in the Property Management Manual if they meet the capitalization thresholds.

16. Food and Beverages

Appropriated Funds may not be used for food and beverages, except for food purchased for travel, educational research, and laboratory purposes, or as provided in the General Appropriations Act for expenses related to the governing board. Restricted grant funds may only be used for food and/or beverages if allowed by the granting agency. Expenditures of funds for food and/or refreshments must serve a legitimate public purpose or further the educational function of the university. Food and/or refreshments served at business meetings are allowable

provided that the food and/or beverages served are not so extravagant that they could be construed to be unethical. All food and beverage purchases must have supporting documentation to support the business nature of the meeting, including the date and time of the meal, and a list of the attendees.

Food and beverages catered on campus must be prepared by the university's food service contractor. This requirement to use the university's food service contractor does not apply to food and beverages provided by persons or groups for their own consumption on the University campus. It also does not apply to food and beverages dispensed from vending machines, food served at locations away from the main University campus and food served at the Barnes and Noble Bookstore, the student center theatre, Lumberjack Alley or concessions served at athletic events. In instances when the university's food service contractor is used, the charge is normally paid by the department through an interdepartmental transfer (IDT). In these cases, documentation is required to support the business nature of the meeting, including the date and time of the meal, and a list of the attendees. The department is required to keep this supporting documentation.

See Policy 17.6, Food Purchases for more details on these purchases.

17. Official University Events and Functions Designated Funds, Auxiliary Funds and funds that can be used for discretionary purposes may be used for official university functions and events.

18. Parking-Related Expenditures

All employees are responsible for payment of any parking related expenditure (permits or fines) for personal parking on the SFA campus. Institutional funds from any source may be used for parking tokens and reserved parking spaces at off-campus locations, if there is a valid business reason for parking. For instance, Appropriated Funds or other institutional funds may be used to purchase parking permits at an off-campus location for those faculty members who teach off-campus. However, the additional cost associated with valet parking may not be paid with university funds if a self-park rate is available, unless the employee can establish a valid reason for paying for valet parking (safety, etc.). In the event that the employee opts to use valet parking, they can still be reimbursed for parking up to the amount of the cost of self-parking. A department may use discretionary funds to pay the difference.

19. Plants

Appropriated funds may not be used to purchase, lease, or maintain a live or artificial indoor plant unless the plant is to be used for educational or research purposes. Designated Funds, Auxiliary Funds and funds that can be used for discretionary purposes may be used for these purchases.

20. Recruitment Meals

Recruitment meals must include the participation of the candidate being interviewed and may include more than one university employee. Guests of the candidate and the employee may attend for a valid university business purpose (e.g. attendance improves the chances for a successful recruitment outcome). Non-appropriated funds and funds that can be used for discretionary purposes may be used to pay for the candidate and the employee(s) interviewing the candidate; however, only funds that can be used for discretionary purposes may be used to pay for the candidate's guest(s) or the employee's guest(s). The cost of the meal must be reasonable (not to exceed \$25 for lunch or \$50 for dinner per person, including drinks and gratuities). The documentation must include receipt(s), business purpose, date, location, and the names of persons present.

21. Relocation and Moving Costs

Relocation and moving costs are expenses incurred by an employee for relocation of their personal residence due to a work-related event. The university may pay reasonable relocation and moving costs for a newly hired faculty or staff member. However, payment of moving expenses is not an entitlement. It is an option, with terms to be agreed upon between the university and the prospective employee in advance. Prior approval of the university President is required. The IRS differentiates between qualified moving expenses and non-qualified moving expenses. Qualified moving expenses include travel (including lodging but not meals) to the new residence and the reasonable cost of moving household goods and personal effects and are not taxable to the employee. Non-qualified moving expenses include house-hunting trips, meals, temporary lodging while finding a place to live, and temporary storage. Non-qualified moving expenses are included in gross income as compensation for services. Because of the different tax treatment for qualified and non-qualified moving expenses, any reimbursements to employees should be paid through the payroll office to ensure they are reported correctly to the employee. No Appropriated Funds may be used for relocation and moving costs for new employees. Designated or Auxiliary Funds and other funds that may be used for discretionary purposes may be used with the prior approval of the university President. See Policy 3.23, Moving Expenses.

22. Retirement and Faculty Receptions

A reception is a form of celebration to honor an employee or employees. Annually, the university sponsors several events recognizing employees. The expenses of the university sponsored event may be paid with Designated or Auxiliary Funds. If departments or colleges elect to honor employee or employees within their department, designated funds, auxiliary funds and funds that can be used for discretionary purposes may be used for these retirement and faculty receptions, provided there is a valid business reason for the event. This includes the cost of food, beverages, catering charges, waiters, decorations, flowers, invitations, room rentals or related expenses associated with a retirement or faculty reception. Documentation may include a copy of the invitation or announcement, if available. Invitations and announcements should clearly indicate that the event is a university function. Receptions held on campus in the Baker Pattillo Student Center should be catered by the university's food service provider.

No university funds should be used for departmental parties (employee birthday parties, wedding or baby showers, or other departmental events without a valid business or educational purpose) unless a donor or corporation specifically makes funds available for that purpose. If a donor or corporation sponsors these events, a separate fund will need to be set up with the donor letter attached to the request to establish an account that documents that the funds are to be used for these purposes. The funds should not be commingled with other university funds, since these would normally not be considered allowable university expenses.

23. Student-Oriented Activities

Funds that can be used for discretionary purposes, auxiliary and student fee funds may be used for student-oriented activities (instructional and non-instructional). Student-oriented activities are academic and student-life related events such as new student receptions, scholarship presentations, and student government activities. The purchase of food or beverage for students is not allowable from Appropriated Funds unless the student is in travel status.

24. Tickets to University Sponsored Functions

Tickets to university sponsored functions, departmental fund-raisers, the annual gala, etc. are normally considered personal in nature, and should be paid by the employee attending the event. In circumstances where a clear benefit to the university can be established, tickets may be purchased with funds that can be used for discretionary purposes. These purchases require the approval of the appropriate Vice President, President or Regents.

25. Tips and Gratuities

Individual tips and gratuities are considered personal in nature, and may not be reimbursed regardless of the source of funds. This includes tips and gratuities when an employee is in travel status. Tips and gratuities for business meals may be paid with Designated Funds, Auxiliary Funds, and funds that can be used for discretionary purposes, provided they are a reasonable amount. A reasonable gratuity is considered to be 15-20%. The tips and gratuities are considered part of the allowable limit, which cannot exceed \$25 for lunch or \$50 for dinner. Exceptions will be allowed if the eating establishment charges a mandatory service charge which cannot be

refused by the customer. In any case, in order to be reimbursed for tips and/or gratuities, the employee requesting reimbursement is responsible for providing documentation to justify the expenditure.

26. Travel

Travel reimbursements are subject to the Travel Policy (3.29) and Travel Guidelines posted on the Controller's website. Institutional funds, including Appropriated Funds, may be used for travel to the extent of limits set by the policy. If lodging expenses exceed the travel limits set by the policy, funds that may be used for discretionary purposes may be used to reimburse the traveler, provided the expenditures have supporting documentation and proper approvals. Additionally, the traveler may be reimbursed if the actual cost of lodging exceeds a locality's lodging allowance, if the employee reduces the maximum meal and incidental expenses (MIE) reimbursement rate for that locality and use the reduction to increase the lodging reimbursement rate for that locality. No such adjustment can be made to increase the maximum meal reimbursement rate. University funds, regardless of the source, may not be used to reimburse employees for mileage in excess of the travel limits set by the university. Reimbursement rates for meals and mileage are set in the Travel Guidelines and are paid on a per diem or per mile basis. In the event actual costs exceed these rates, the traveler will not be reimbursed for amounts over the travel limits.

IV. Reporting

During the budget process, the budget director and the Vice President for Finance and Administration (VPFA) will establish funds as needed for budgeting and reporting purposes. The person responsible for an individual fund is designated in the financial accounting system as the financial manager. Any delegation of this spending authority must be documented in accordance with university policies: Interdepartmental Transfer (IDT) (17.9), Procurement Card (17.11), Purchase Requisition (17.19), Purchase Voucher (17.20), and Travel (3.29). In the absence of clear direction in these or other policies, the department should maintain internal written documentation regarding a delegation of spending authority. The financial manager is required to maintain accurate records and appropriate documentation of expenditures. Employees may not authorize or approve an expenditure or reimbursement for themselves. Such expenditures must be approved by the employee's supervisor.

V. Responsibility

The President, Provost and the Vice Presidents are responsible for ensuring compliance with the requirements of these guidelines within their respective divisions. Exceptions to these guidelines must be approved by the appropriate Provost/Vice President. The Controller will ensure that these guidelines are updated, will provide interpretative guidance and will report to the President, Provost, and the Vice Presidents on the use of university funds as necessary.