

Guidelines for Expenditures from University Funds

These procedures identify permissible and impermissible uses of various types of university funds. This includes all funds except Agency Funds, since they do not belong to the university.

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 posted on both the procurement & property services website and the controller's office website.

II. Fund Definitions

Education and General (E&G) Funds (Appropriated Funds) – 10755x and 13xxxx funds.

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), 13161x (Competitive Research 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 they can be spent. For instance, HEF funds are subject to specific rules, and often the university has to rely on legal interpretations 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, when specific purchases are only allowed with funds that can be used for discretionary purposes, E&G Funds may NOT be used. Additionally, while the state may allow the use of E&G funds for some types of travel, the university's local policy is that **no E&G funds may be used for travel.**

Designated Funds – 15xxxx

Designated Funds are funds that originate from designated tuition, as approved by the Regents, and certain fees. Most fees recognized as Designated Funds are specific student fees charged to offset the cost of the service. Designated Funds related to specific fees or designated tuition cannot be used as funds for discretionary purposes.

Departmental sales and services that are not generated by auxiliary enterprises or specifically listed in the General Appropriations Act are typically reported in fund 150010. Funds generated from the sales of goods and services may be used for discretionary purposes.

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 cannot be used for discretionary purposes and are to be spent in accordance with guidelines set by state legislation (Texas Education Code 45.001 for IDC) and the Office of Research and Sponsored Programs (for fixed price residual funds).

In Banner, the university's financial accounting system, Designated Funds start with 15. 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 (e.g., mathematics) and/or for specific purposes (e.g., scholarships). If a donor specifies that a specific department can use these funds at their discretion, they are treated as funds that can be used for discretionary purposes. Distributions from Endowment Funds are also recognized in 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, the donor specifies these funds can be used at the discretion of the department, and will be treated as funds that can be used for discretionary purposes. **Specific funds identified as discretionary are 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 Services 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. Auxiliary Funds funded with mandatory fees cannot be used for discretionary purposes. **Auxiliary Funds that can be used for discretionary purposes are 310010, 350010 and 350030.**

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. They 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 Federal 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.**

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 in 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. Because of university restrictions on the size of the gift before it will be used as an Endowment Fund, no income is distributed from those endowments until they reach the thresholds set by the university.

Quasi-endowments are endowments established by the university rather than a donor. Gifts to specific departments to be used at 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 may 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 stipulated by the donor. These spending accounts are normally recognized as Restricted Funds. Only funds that the donor specifies are for discretionary purposes can be used in that manner. **A list of funds that can be used for discretionary purposes is posted on the controller's office website.**

Agency Funds – 8xxxxx

Agency Funds are funds held by the university for specific organizations, clubs, student or faculty groups, etc., associated with campus activities, and for financial aid clearing activity. 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. Payments are identified as “disbursements from an agency account.” These funds may be used for discretionary or any other legal purpose. However, payments from these funds are subject to audit, and may come under the scrutiny of individuals outside the university. Consequently, the university reserves the right to refuse to make payments directly to an entity, and instead issue the check to the organization or club that owns the funds.

For the funds used by the university as clearing accounts to distribute financial resources to other funds, the portion of the balance that belongs in other funds is not reported in the agency fund but rather in the university’s proprietary fund, per Governmental Accounting Standards Board (GASB) Statement No. 34.

Plant Funds – 90xxxx-98xxxx

Plant Funds are funds used primarily for building or renovation 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 (E&G, Designated, or Auxiliary) 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 (e.g., 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 multiple 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.**

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, 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 subject to review by the controller and audit by internal auditors. As a general rule, if multiple categories of funds are available and eligible to address a funding need, then discretionary funds must be applied last. Expenditures that confer a personal benefit are not allowable. Appropriate documentation must accompany all expenditures.

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 SFA and other state agencies.

University Funds that can be used for Discretionary Purposes (discretionary funds)

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 used for a valid business purpose.

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

- Designated Funds - general (150001); publications or workbooks (150008); sales and services (150010); interest or investment income (159990)
- Auxiliary Funds - sales and services (310010 and 350010); interest or investment income (350030)
- Restricted Funds* - donated gift funds identified as development, discretionary, excellence, support or “friends of” funds unless restricted by the donor for a specific use
- Agency Funds - the university is the custodian of these funds but does not own or control them (8xxxxx)
- 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 Restricted Funds that can be used for discretionary purposes is posted on the controller’s office website. If a department would like to add other funds to that list, it should send supporting documentation 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, the department is responsible for notifying the controller’s office to exclude it from the list so it will be treated in accordance with any legal or donor restrictions.

Expenditures for discretionary purposes, whether for food/beverages, meals, travel, lodging, business entertainment, official functions, sponsorship of tables or events, or gifts and awards, must comply with all university policies that apply to the type of expenditure and must be accompanied by appropriate documentation including:

- receipt(s)
- list of attendees
- type of event
- date and time
- location
- business purpose
- any additional items listed under the specific categories in Permissible and Impermissible Uses of University Funds, below

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 of these funds are discretionary, the expenditures must always be for the benefit of the university and serve a business purpose. The prudent person test applies. 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 inside and outside the university such as donors, auditors, or the press.

Permissible and Impermissible Uses of University Funds

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 for employees (including t-shirts) is discussed in the Clothing and Uniforms section, 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 (E&G) 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 or president. Alcohol purchases are subject to Policy 17.6, *Food Purchases*. 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*; 13.7, *Alcohol Service*; 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. 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. 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 business purpose 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. Recruitment of faculty/staff is an example of business meals. In this case, the candidate being interviewed must participate. 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).

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 business meal must be reasonable (not to exceed \$25 for breakfast, \$25 for lunch, and \$50 for dinner per person, including non-alcoholic beverages and gratuities). The department must keep documentation in accordance with the university's records retention schedule. The documentation must include:

- receipt(s)
- names of persons involved and their business relationship with the university
- type of event
- date and time
- location
- business purpose

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.

5. Call-Back or Local Business Mileage

All university funds, except Appropriated Funds (E&G), may be used for travel expenses associated with call-back mileage or mileage between the main campus and remote campus properties (e.g., Science Research Center, beef farm). 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 SFA travel website.

6. Cards, Plants, and Flowers

Generally, cards, plants, and flowers are considered personal expenses, and should not be purchased with university funds, but should instead be purchased by the sender. Cards, plants, and flowers sent as a gesture of sympathy or support are not considered gifts if they have a valid business purpose. The Regents, president, provost, vice presidents, and deans may use Designated Funds (except course fees), Auxiliary Funds, and funds that can be used for discretionary purposes to send cards, plants, and flowers appropriate to the occasion from the university, the division, or college. Appropriated Funds (E&G) and Restricted grant funds may not be used. Cards, plants, and flowers paid with university funds should be issued in the name of the sending department or office, and not a specific individual.

See Plants, below, for guidelines pertaining to the purchase, lease, or maintenance of live or artificial indoor plants.

7. Cell Phones, Wireless Communication Devices, Tablets, and Computers

University funds may be used to purchase cell phones, smart phones, tablets, or computers for university use. University funds may also be used for a communication allowance for certain employees. The communication allowance may not exceed the actual amounts paid for the

service up to a \$60/month maximum. All devices and equipment provided for an employee are subject to university 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. See Policy 3.6, *Cellular Telephones and Wireless Communication Devices* and Policy 17.4, *Computer Purchase and Replacement* for additional information and required forms.

8. Charitable and Political Contributions

No university funds, regardless of whether they 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 not university funds. However, the university reserves the right to refuse to make payments from an Agency account directly to an entity, and instead issue the check to the organization or club that owns the funds. Occasionally, departments may be asked to contribute non-cash items to charitable organizations for fundraising 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.

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

Clothing purchases for employees (e.g., t-shirts, jackets) are allowed with Designated Funds (except course fees) and other discretionary funds. These optional purchases should be limited to one item of clothing with a maximum cost of \$100 per employee per year. If additional items are provided to an employee, or if the cost exceeds \$100, the employee must reimburse the department for these purchases. Uniforms or apparel required to be worn by certain employees (e.g., residence life, admissions, athletics staff) do not have a specific quantity or dollar limit.

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

The source of funds that can be used for these types of functions is dependent upon whether persons from outside the university are involved. If other persons in addition to university employees attend, Appropriated Funds (E&G), discretionary 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, and seminars
- 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 (E&G) may not be used for these types of meetings if only university employees are in attendance.

11. 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 (E&G). 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.

12. Cultivation of Donors and Development of Community and Institutional Relationships (see Fundraising and Development of Community and Institutional Relationships)

13. Entertainment

Entertainment includes tickets to concerts, plays, athletic events, and golf tournaments, unless they relate to fundraising 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. Only funds that can be used for discretionary purposes may be used for entertainment. Appropriated Funds (E&G) 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 Policy 3.29, *Travel*, would apply. When traveling, an employee may have the opportunity to participate in "optional" events, such as 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.

14. Equipment and Supplies Related to Food Preparation or Storage

Unrestricted university funds, including Appropriated Funds (E&G), 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. Restricted grant funds may not be used unless specifically allowed by the granting agency. All equipment is subject to Policy 17.14, *Property Inventory and Management*, and must be accounted for as described in the Property Management Manual if it meets the capitalization thresholds.

15. Food and Beverage Purchases (other than business meals and travel)

Only Auxiliary, Designated, or Restricted Funds may be used for food and/or beverage purchases. Gifts and Restricted grant funds may be used for food and/or beverages if allowed by the donor or granting agency. Expenditures of funds for food and/or refreshments must serve a legitimate public purpose or further the mission of the university. Food and/or refreshments

served at business meetings are allowable provided they are not so extravagant that they could be construed to be unethical.

The department must keep documentation, in accordance with the university's records retention schedule, to support the business nature of all food and beverage expenses, regardless of where it is purchased (e.g., caterer, grocery store, bakery, convenience store) or how it is purchased (Procurement Card (P-Card), interdepartmental transfer (IDT), or Purchase Requisition). In all cases, documentation must include:

- receipt(s)
- list of attendees
- type of event
- date and time
- location
- business purpose

Food and beverages catered on campus must be prepared by the university's food service contractor. This catering requirement 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; 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 IDT.

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

16. Fundraising 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 development of community and institutional relationships. The department is responsible for retaining documentation, in accordance with the university's records retention schedule, to support these expenses. Documentation must include:

- receipt(s)
- names of persons involved and their relationship with the university
- type of event
- date and time
- location
- business purpose

Business meals pertaining to fundraising are subject to the Business Meals guidelines, above.

17. Gifts, Prizes, and Awards 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, applicable vice president, dean, or the authorized approver for Board of Regents' purchases (Board of Regents' purchases only). Only funds that can be used for discretionary purposes may be used for

gifts for employees. These gifts to employees are subject to IRS guidelines. For any gift greater than \$100 in value, the department making the gift must report the following information to the controller's office for tax purposes:

- recipient name
- recipient social security number
- recipient address
- business purpose of gift
- value of gift

With the exception of the Offices of the President and the Board of Regents, personal gifts using university funds for birthdays, weddings, showers, retirements, get well, funerals, and other personal occasions, are not allowed.

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. 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 more information. Monetary awards must be paid through the payroll office (and submitted on a stipend authorization form) 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 (\$100 or less). Designated Funds (except course fees), Auxiliary Funds (except mandatory fees), 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
- recipient social security number
- recipient address
- purpose of prize or award
- value of prize or award

Also see Policy 3.18, *Gifts, Prizes and Awards*, and its Summary Chart.

18. Official University Events and Functions

Designated Funds, Auxiliary Funds, and funds that can be used for discretionary purposes may be used for official university events and functions. The sponsoring department is responsible for retaining documentation, in accordance with the university's records retention schedule, to support these expenses. Documentation must include:

- receipt(s)
- type of event
- date and time
- location
- business purpose
- copy of invitation (if applicable)

No university funds may be used for departmental parties.

19. Parking

Employees are responsible for payment from their own funds for any personal parking related expenditure (permits or fines) 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 (E&G) or other institutional funds may be used to purchase parking permits at an off-campus location for 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.). When employees opt to use valet parking without a valid reason, they can still be reimbursed for parking up to the amount of the cost of self-parking. University funds may not be used for parking violations.

20. Plants

Appropriated Funds (E&G) 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.

Plants and flowers sent as a gesture of sympathy or support are allowable if they have a valid business purpose. See Cards, Plants, and Flowers, above, for additional information and specific rules.

21. Receptions - Retirement and Other Faculty/Staff 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 Funds or Auxiliary Funds. If departments or colleges elect to honor an employee or employees within their department, Designated Funds, Auxiliary Funds, and discretionary funds may be used if there is a valid business reason for the reception. This includes the cost of food, beverages, catering charges, waiters, decorations, flowers, invitations, room rentals, or related expenses associated with the reception provided they are not so extravagant that they could be construed to be unethical. Invitations and announcements should clearly indicate that the event is a university function. Receptions held on campus in the Baker Pattillo Student Center must be catered by the university's food service provider.

The sponsoring department is responsible for retaining documentation, in accordance with the university's records retention schedule, to support these expenses. Documentation must include:

- receipt(s)
- type of event
- date and time
- location
- business purpose
- copy of invitation or announcement

No university funds may be used for departmental parties (employee birthday parties, wedding or baby showers, holiday parties, or other departmental events, without a valid business or educational purpose) unless a donor specifically makes funds available for that purpose. If a donor sponsors these events, a separate fund must be established with the donor letter indicating intent. The funds should not be commingled with other university funds, since these would normally not be considered allowable university expenses.

22. Recruitment Meals

Recruitment meals for prospective employees are considered business meals. See Business Meals, above.

23. 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 president is required. Any mileage reimbursements will be paid at the IRS rate for moving unless a lower rate is negotiated by the department. 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 must be paid through the payroll office to ensure they are reported correctly to the IRS. No Appropriated Funds (E&G) may be used for relocation and moving costs. Designated or Auxiliary Funds and other funds that may be used for discretionary purposes may be used for relocation and moving costs. See Policy 3.23, *Moving Expenses*.

24. Student-Oriented Activities

Funds that can be used for discretionary purposes, Auxiliary Funds, 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.

25. Tickets to University Sponsored Functions

Tickets to university sponsored functions, departmental fundraisers, 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.

26. Tips and Gratuities

Per diem can be used for tips and gratuities when an employee is in travel status, but no additional reimbursement is allowed. 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 for business meals, which cannot exceed \$25 for breakfast, \$25 for lunch, and \$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.

27. Travel

Travel reimbursements are subject to Policy 3.29, *Travel*, and SFA Travel Guidelines posted on the controller's office website. Institutional funds may be used for travel to the extent of limits set by the guidelines; no Educational and General (E&G) funds may be used for travel. If lodging expenses exceed the travel limits set by the guidelines, 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 uses 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 at a rate in excess of the limit 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 will establish funds as needed for budgeting and reporting purposes. The person responsible for an individual fund is designated in the Banner 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 or their family members. 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.