



**05.001 DISCRETIONARY TRUST FUNDS SPENDING POLICY**

Authority: Vice Chancellor for Business Affairs

History: July 27, 2005

Source of Authority: Generally Accepted Accounting Principles, State Budget Manual

Related Policies: Purchase of Gifts for Employees; Business Entertainment Expenditures

Responsible Office: Business Affairs

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**I. Purpose**

The university hereby adopts this discretionary trust funds spending policy to ensure that the university carries out the university's mission effectively, while ensuring that fiscally, legal, and politically sound spending practices are followed.

**II. Scope**

Discretionary funds, those funds that are not budgeted to be used for some specified purpose, can be used to meet a broad range of university needs. The flexibility that is associated with discretionary funds is vitally important to the university. At the same time expenditures of discretionary funds must be consistent with a number of general guidelines as set out below.

- A. Each expenditure of discretionary funds must be for a valid university purpose. These expenditures (whether meals, travel, lodging, entertainment, official functions, gifts and awards, or memberships) must follow all university policies that apply to that type of expenditure and must be accompanied by appropriate document including receipt(s), purpose, date, location, and names of persons involved.
- B. The very flexibility associated with discretionary funds means that determining the propriety of some expenditures will require judgment. In these cases, the prudent person test applies. The individual making the decision about the expenditure must be comfortable with the prospect that the specific expenditure would come under the scrutiny of individuals outside the university.
- C. Expenditures that confer a personal benefit upon the individual authorizing the expenditures are not allowable. Expenditures for items

such as a retirement gift or an employee award that are authorized by one individual to be received by another are allowable.

- D. Use of discretionary funds for donations or contributions to non-profit organizations is not permitted unless a substantial university purpose can be demonstrated and the receipt of the donation by the organization does not threaten the tax exempt status of the university or its foundations.
- E. Discretionary funds should come from fund raising and allocations from the respective vice chancellor.

### **III. Policy**

- A. Listed below are expenditures that are permitted with advanced approval of Senior Budget Administrators:

- 1. Faculty and staff business meals
- 2. Entertainment expenses for university business
- 3. Departmental gatherings and retirement celebrations
- 4. Plants for office or special events
- 5. Kitchen supplies and equipment
- 6. Contributions or donations to non-profit organizations when for university purpose (Advancement or Chancellor)
- 7. Flowers or bona fide charitable contribution in lieu of traditional commemorations (see gift policy)
- 8. Holiday decorations and parties (Senior Officer approval)
- 9. Optional conference events when relates to university business (golf outings, etc.)
- 10. Artwork for offices or common areas
- 11. Moving expenses (Chancellor approval)
- 12. University represented attendance at non-profits gala or fundraising events (Senior Officer approval)

- B. Expenditures not permitted:

- 1. Memberships in non-job related professional societies
- 2. Travel related:
  - a. Air travel clubs
  - b. First class/business class airfare
  - c. Health club memberships
  - d. Hotel amenities (movies, etc.)
- 3. Non-business entertainment and travel
- 4. Payment of fines or parking tickets

5. Purchase of clothing and other personal items not related to university departments as uniforms