

Finance Policy Test ^[1]

Purpose

This procedural statement sets forth University requirements and guidance applicable to common business expenses.

- As a general rule, the conditions in this policy statement govern any use of University funds regardless of funding source (e.g., state appropriation, gift, start-up, sponsored project – this is not an all-inclusive list).
- If University funds are used in whole or in part to purchase an item, then this item is considered to be University property. In the case of some sponsored project purchases, the sponsor may retain ownership of the item; consult with your grant accountant.

Considerations

All expenditures of University funds, regardless of source, must comply with the Tests of Propriety and other requirements found in the Administrative Policy Statement (APS) 4015-Propriety of Expenses ^[2]. If you cannot answer Yes to all eight of the following Tests of Propriety, then the transaction is not an appropriate use of University funds.

Is the transaction:

1. For official University business?
2. In the best interests of the University?
3. The most effective way to accomplish official University business?
Meaning that, without the expenses, would programmatic objectives be difficult or otherwise more costly to achieve? Or would the impact, level, or quality of the achievement be reduced?
4. In compliance with applicable policies, laws, regulations, and rules; and contracts, grants, and donor restrictions, including having the required approvals and authorizations by the appropriate fiscal role?
5. Within the available resources of the responsibility unit, taking into consideration all outstanding commitments and encumbrances?
6. Directly beneficial to the responsibility unit where it is being charged?
7. Reasonable?
Meaning that the quantity and quality of goods or services being purchased is sufficient to meet the University's identified need without exceeding it.
8. In compliance with University conflict of interest provisions?
Meaning that, if an employee derives private gain, or appears to derive private gain, as a result of the transaction, then the transaction violates the conflict of interest provisions stated in regent law, regent policy, and in APS 5012- Conflicts of Interest and Commitment in Research and Teaching [2].

Evaluating the propriety of University expenses requires the exercise of a high degree of judgment and discernment. Therefore, consider the following when deciding whether or not a particular transaction is a proper use of University funds:

1. "Would a University outsider - such as your dentist, a teacher at the local elementary school, the clerk at your grocery store, or your neighbor – consider the expenditure to be a reasonable and necessary expense of public funds?"
2. "Would you want others – such as newspaper, radio, television, or other media outlets – knowing and reporting about what you have decided?"

Think about whether an outsider, such as the general public or an auditor, would consider the expenditure a reasonable expense for University business and an appropriate use of University funds.

Approval Requirements

Appropriate approval/s must be obtained prior to incurring the expense. The department approver is responsible for ensuring compliance with policy requirements, including appropriateness of expense, submission of receipts/forms/documentation, and approval by additional authorities, as specified in policy or as requested. **Purchases over \$5,000 and purchases of designated items may involve additional approval requirements.**

Substantiation and Tax Implications

Business Expense Substantiation & Tax Implications [2] requirements apply to employee expenses reconciled in the Concur Travel & Expense System (Procurement Card/Travel

Card/Airfare Card transactions and employee reimbursements). To avoid tax implications, the employee must document and submit the expense report within 90 days of the date the related trip ends, or within 90 days of the date the expense was incurred (if non-travel).

Matrix of Business Expenses

The following matrix provides guidance related to common business expenses.

Recruitment Meal

Description: See *Recruiting Costs for Prospective Employees/Students* below.

Student Function Meal

Description: In general, these events are expected not to include alcohol.

Donor Cultivation, Solicitation, and Stewardship Event

Expense Type / Account Code: *Official Function with Alcohol (550102)*

Description:

Centered around past or future donors; these may or may not involve a donation solicitation but do not meet the definition of a Fundraising Event.

Alcohol expense typically requires use of development funds (Fund 36). May also use gift funds (Fund 34 SpeedTypes with a Gift Purpose Code 2 of Y, designating that the SpeedType is restricted for purposes including entertainment, donor cultivation, or personnel recruitment).

The Official Function form must be completed.

- Requires campus Advancement alcohol approval for Advancement organizational units.
- Also requires campus alcohol approval if non-Advancement organizational unit uses Fund 36.
- Requires officer approval at designated thresholds (total food/beverage cost over \$10,000, or per-person food/beverage cost over \$125/person pre-tax/tip/fees; it is expected that, as stewards of university resources, employees continue to stay well below this per-person threshold).

Fundraising Event

Expense Type / Account Code: *Fundraising Event with Alcohol (550102)*

Description:

Alcohol expense requires use of gift funds: Fund 34 SpeedTypes with a Gift Purpose Code 2 of Y, designating that the SpeedType is restricted for purposes including entertainment, donor cultivation, or personnel recruitment. In addition, the gift fund must have a Gift Purpose Code 1 of SE, designating a fundraising event. Advancement/ development funds (Fund 36) may also be used.

The Fundraising Authorization form must be completed.

- Campus alcohol approval required.
- Officer approval for per-person or total thresholds is not applicable.

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