



UNC  
**GREENSBORO**

## **Basic Spending Guidelines By Fund Source**

January 6, 2020

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# The University of North Carolina at Greensboro Basic Spending Guidelines by Fund Source

January 2020

The University of North Carolina at Greensboro (herein referred to as University) has a wide variety of sources of funds, each of which has its own spending characteristics. No set of guidelines can be written that addresses every possible expenditure decision which may arise. There are, however, some basic rules, regulations, and precedents, which are presented in this document that can guide an employee in making wise spending decisions. These guidelines are provided to ensure that faculty and staff can carry out the University's mission effectively, while ensuring that fiscally responsible and legal spending practices are followed. At all times, employees are required to follow basic purchasing guidelines for the procurement of all goods and services. For assistance or answer to any questions about purchasing guidelines, please contact the Purchasing office or see the following websites:

UNCG Purchasing office – [purchasing.uncg.edu](http://purchasing.uncg.edu)  
State of NC Purchasing and Contracts (P&C) site -  
<https://ncadmin.nc.gov/about-doa/divisions/purchase-contract>

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## All Sources of Funds

### **A. Appearance and Reasonableness Tests**

For all potential expenditures from all sources of funds, the “appearance test” should be used, (i.e., how would this purchase look to external constituents if placed on the front page of a newspaper). Another test that is useful is to ask the question “Is this expenditure necessary for a faculty and staff member to do his/her job or for the University to carry on its normal business?” The utilization of these tests should help to guide faculty and staff members in their decision-making. At all times, faculty and staff are encouraged to avoid the appearance, as well as the reality, of inappropriate management of funds.

### **B. Exceptions and Interpretations**

Every attempt has been made to make these spending guidelines comprehensive. There may be cases, however, which would fall outside the guidelines and, yet, would be legal expenditures and in the best interests of the University. If a situation occurs in which an individual believes an exception should be made to the guidelines, he/she should request an exception from the University's Controller. The Controller, or his/her designee, will work with the appropriate department head or director to determine the latitude available on the request, the business purpose of the request, and other options which may be available.

### **C.Fund Custodian Responsibilities**

The fund custodian (i.e., the individual responsible for managing university funds, including the principal investigator for a research project) has the responsibility to ensure that proper documentation procedures are followed for all funds and/or research projects that he/she controls and that only authorized expenditures are charged to his/her fund or project. Further, the fund custodian is responsible for ensuring that all funds/projects which he/she may control are reviewed at least monthly and any transactions which are incorrect or do not belong on fund/project : are corrected by submitting Journal Voucher Form, Reclass Expenditure Template to [finmgmt@uncg.edu](mailto:finmgmt@uncg.edu) or Accounting Services 270 Mossman Bldg. <https://acb.uncg.edu/forms/> Finally, a fund custodian is responsible for ensuring that he/she maintains a positive or zero cash balance on all university trust funds (i.e., non-state funds) unless specifically exempted from this requirement in writing by the Vice Chancellor for Finance and Administration or his/her designee.

### **D.Payments to Employees**

Regardless of the funding source, payments to university employees are limited to authorized reimbursements, authorized awards, or authorized salaries. Payments to employees for work performed must follow personnel compensation guidelines published by Human Resource Services and the Provost Office and must be paid through the payroll system. Compensation guidelines may be found at the following University websites:

Human Resource Services - <http://web.uncg.edu/hrs/>

Provost Office - [http://provost.uncg.edu/Academic/EPA\\_Personnel/](http://provost.uncg.edu/Academic/EPA_Personnel/)

Payroll Office – <http://payroll.uncg.edu>

Personal reimbursements to an employee for moving or travel expenses, or expenses related to electronic resources, must be approved by an individual at a higher level of authority in the University's organization. The purchase of work related supplies should be made through the Purchasing Card (PCARD) or requisition process and would require following guidelines from the University's Purchasing Office <https://purchasing.uncg.edu/policies/>.

#### **1. Moving Expenses**

When authorized in advance by the appropriate Vice Chancellor, moving expenses for *new* employees must be paid from non-state funds and proper purchasing procedures must be followed. Moving expenses should be carefully documented and charged to account code 234720 for employee reimbursements or to account code 221322 when paying the moving company directly via the accounts payable process. All moving expenses are taxable to the employee receiving the benefit.

For more information related to moving expenses paid from state funds, please refer to item A.3. under "State Budget Codes - General Operating Funds" which is presented later in this document.

Additional information may also be obtained from the Office of State Budget and Management's *State Budget Manual* (section 6.6)

[https://files.nc.gov/ncosbm/documents/files/BudgetManual\\_2018January.pdf](https://files.nc.gov/ncosbm/documents/files/BudgetManual_2018January.pdf) and from the Internal Revenue Service's *Publication 521* <http://www.irs.gov/pub/irs-pdf/p521.pdf>.

## **2. Travel Reimbursements and Expenditures**

The University's travel policies and procedures are based on The State Budget Manual, Section 5, which sets forth travel policies and regulations relative to securing authorization and reimbursement of expenditures for official state travel. The administration and control of travel is in accordance with the provisions of General Statutes (G.S.) 138-5, 138-6, and 138-7.

All university travel is contingent upon availability of funds. The travel policies and procedures as stated in this manual apply to all university funds deposited with the State Treasurer, whether derived from state appropriations or non-state funds (e.g., Institutional Trust Funds, Contracts and Grants funds, and receipt supported programs/activities).

The employee's supervisor is responsible for approving travel related expenditures and reimbursements to the employee. The supervisor's approval indicates that appropriate review of the travel advance/reimbursement has been made and travel conforms to all rules and regulations and is properly supported with valid documentation and receipts.

The employee who is traveling on official university business is expected to exercise the same care in incurring expenses that a prudent person would exercise if traveling on personal business and expending personal funds. Excess costs, delays, luxury accommodations and services unnecessary or unjustified in the performance of official business are not acceptable under this standard. Travelers will be responsible for unauthorized costs and any additional expenses incurred for personal preference or convenience. Also, all international airfare charged to federally funded grant projects must be taken on US flag air carriers

Before any travel occurs, it is recommended that the employee and his/her supervisor review all of the travel policies and procedures, especially policy #1, which summarizes the rules related to planning travel, incurring expenses during travel, and seeking reimbursement after the travel has been completed.

A complete set of the University's travel policies and procedures are located at <https://policy.uncg.edu/university-policies/travel/>.

### **3. Electronic Resources**

Expenses related to electronic resources for which an employee may be reimbursed relates to home internet connections, mobile communications devices, and long-distance telephone calls.

#### **a. Internet Connections**

Home internet connections are considered the equivalent of home telephones, i.e., *personal expenses which are not reimbursable*. In rare cases, a specific connection may be paid for by the University if it is required by the University and is for the convenience of the University. The simple use of a home computer and home internet service for business purposes is not considered justification for reimbursement. Wireless internet connection charges, as with home internet connections, are considered personal expenses. The University provides wireless internet throughout much of the campus at no charge.

#### **b. Mobile Communications Devices**

A mobile communications device (MCD) is a small battery-powered computer which is small enough to be carried by an employee. An MCD is treated in the same way as a laptop computer and may be purchased from University funds. Like other items purchased by the University, the MCD remains University property and must be returned if an employee leaves the University. Likewise, any unused minutes on a MCD belong to UNCG and are pooled.

The University also administers a program that provides an allowance to employees who utilize their personal MCD for state business, provided that their duties and responsibilities require mobile communication. The MCD allowance, which is paid to employees through the University's payroll process, is not intended to pay the full cost of the employee's monthly service costs with their provider. It is intended to only cover the reasonable cost that the employee incurs while using the device as part of his/her job duties and responsibilities.

For additional information related to this allowance, please refer to the University's Policy on MCD Allowances which can be found at <http://policy.uncg.edu/university-policies/mdc/>.

#### **c. Long Distance Telephone Calls**

Long distance telephone calls are allowable from University funds only for appropriate business purposes and not for personal reasons. Should an emergency circumstance arise which necessitates an employee to make a personal long distance or cellular phone call, the employee should make arrangements to reimburse the university.

For additional information related to distance telephone calls, please refer to the University's Policy #3 and Policy#7.2 which can be found at <https://policy.uncg.edu/university-policies/travel/> and <https://sys.uncg.edu/policies/accounting-services/>

### **E.Adverse Weather Events and Other Emergency Conditions**

In the event of emergency weather conditions, certain departments have personnel critical to the University for health, safety, and/or welfare reasons and for the care and handling of animals. Examples of personnel who might fit this criterion are key individuals from Facilities Operations, Dining Services, Housing & Residence Life, Parking Operations, Emergency Management, Campus Police, Information Technology Services, Environmental Health and Safety, and certain other support or research services. Under emergency circumstances, units which have such critical functions may make prudent and reasonable lodging and/or meal arrangements for critical employees who must be at the University and pay for the arrangements from their normal operating budgets, regardless of source of funding.

For example, Facilities Operations or the University Police might make arrangements with Housing & Residence Life when local weather forecasts indicate a high probability that roads will be impassable and hazardous to traverse. Requests for payment for these expenses should be clearly documented, including the nature of the emergency, the names of personnel covered, the date(s) and time(s) of the event, and any other relevant information which might serve to document the expenditures.

### **F.Penalties and Charges Resulting from Cancellations of Travel Reservations**

The University follows the Office of State Budget and Management's Policy 5.1.9 [https://files.nc.gov/ncosbm/documents/files/BudgetManual\\_2018January.pdf](https://files.nc.gov/ncosbm/documents/files/BudgetManual_2018January.pdf) which state "*Penalties and charges resulting from the cancellation of travel reservations (including airline or hotel reservations and conference registrations) may be paid by a department if the employee's travel has been approved in advance and the cancellation or change is made at the direction of and/or for the convenience of the department. Approval for the payment of a cancelled travel reservation would reside at the next highest level. If the cancellation or change is made for the personal benefit of the employee, it is the employee's obligation to pay the penalties and charges. In the event of accidents, a major disaster, a serious illness or death within the employee's immediate family, or other critical circumstances beyond the control of the employee, the department may pay the penalties and charges.*"

### **G.Expenditure Account Codes**

Expenditure account codes are codes that must be used when processing financial transactions to identify various classes of expenditures (e.g., salaries, travel, supplies, equipment, etc.). The actual codes will provide even more detailed breakdowns of these groupings. This coding scheme gives the university the ability to create reports that include, or are broken down by, the various classes of expenditures.

An alphabetical listing of expenditure account codes may be found at <http://fsv.uncg.edu/forms/>.

### **H. Program Codes**

Program codes are used to classify financial activity by its function (e.g., instruction, institutional support, research, or public service). These codes are not needed to code a financial transaction but are built into the financial system for each fund at the time the fund is created. Because of the need to report financial activity by function, a fund may not be classified into more than one function.

Program codes may impact the way funds can be spent. For example, expenditures for scholarships may only be made from funds with the Student Financial Aid (230) program code. If an individual has a discretionary fund and wishes to use it to fund a scholarship, a separate fund will need to be created from which to expend for the scholarship, or the discretionary funds could be transferred to an already existing scholarship fund.

Information regarding individual program (purpose) codes may be found at <http://www.northcarolina.edu/finance-and-administration/chart-accounts> under “*UNC Chart of Accounts*”.

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## **State Budget Codes - General Operating Funds**

This group of funds consists of state appropriated funds, federal appropriated funds, and receipt supported funds in the state budget code. The Educational and Technology fees are included in the receipt supported funds in the state budget code.

These funds should provide for expenditures for the normal activities necessary to operate the University. The nature of the purchases will depend upon the mission of the unit and the types of supplies, equipment, etc. necessary to accomplish that mission. To a certain degree, the appropriateness of expenditures will depend on that mission. For example, a purchase of a lawn mower might be appropriate from the Facilities Division budget, but inappropriate from the English department’s instruction budget.

### **A. Miscellaneous State Budget Code Rules**

The following provides information on many specific items as to their allowability or prohibition for expenditures from State operating funds:

- 1. Membership Dues** - Membership dues may be paid if for the benefit of the University and not solely for the benefit of an individual employee. If the University is to benefit from an individual’s membership in an organization, that benefit should derive not because of the individual, but because of the individual’s position with the University, regardless of who is in the position.

Although a membership may be in the name of an individual, his/her membership terminates at the same time he/she terminates employment with the University or moves to another department.

2. **Passports and Visas** - Reimbursements for costs incurred in obtaining or renewing a passport may be made to an employee who, in the regular course of his/her duties, is required to travel overseas in the furtherance of official university business. Passport expenses are chargeable to the same fund that supports the employee's trip. The University also interprets this to mean that similar related fees or expenses such as required visas may also be reimbursed.
3. **Moving Expenses**-An employee's moving expenses may be paid from state funds only if the following three criteria are met:
  - a. A change of residence is deemed to be in the best interests of the University, when such a change is required as a result of a promotion within the University or by a change in assignment involving the transfer of the employee for the advantage and convenience of the University. Moving expenses are not allowable for initial employment or if the employee requests the change.
  - b. The employee's move is accomplished within 90 days. The Chancellor may approve an extension of an additional 90 days. An extension in excess of the 180 days must be submitted to the University Budget Office and approval obtained in writing from the Office of State Budget and Management.
  - c. The new duty station of the employee is 50 miles or more from the existing (or prior) duty station.
4. **Payment of Awards to Employees** – Special leave awards may be granted for a suggestion that is adopted under the NC Thinks Program. Information regarding the employee awards program may be found at [https://files.nc.gov/ncoshr/documents/files/Special\\_Leave\\_Awards\\_Policy\\_January\\_2018.pdf](https://files.nc.gov/ncoshr/documents/files/Special_Leave_Awards_Policy_January_2018.pdf)
5. **Immigration and Naturalization (INS) Fees** – Payment of INS fees is allowable if the fees are for paperwork required of the employer and not the employee. Allowable fees include payment for the I-129, the I-140, and the I-907. Payment for processing forms required of the prospective employees (e.g., I-485, I-765, and I-539) is not allowable. The expediting fee for an H1B Visa may be paid from state funds if the salary source is state funds.

**6. Payments for Food/Refreshments for Continuing Education**

**Classes/Workshops** - In the case of certain Continuing Education classes/workshops which are operated within State Budget Codes and which are paid from participants' fees, there is an established procedure for payment of food/refreshments so long as it is part of the fee charged to participants. Requirements and limitations for external conferences or state appropriated programs are outlined in the Office of State Budget and Management's manual (section 5.8.3 -"Requirements and Limitations for External Conferences")

[https://files.nc.gov/ncosbm/documents/files/BudgetManual\\_2018January.pdf](https://files.nc.gov/ncosbm/documents/files/BudgetManual_2018January.pdf)

Compliance with OSBM's definition requires that a trust fund must be established and the portion of the revenue which is to be used to pay for the food/refreshments must be deposited into the trust fund. *Payments for the food/refreshments must be made from the trust fund.*

**7. Scholarships** - Scholarships may be paid from state funds only if they are part of a legislatively approved and separately budgeted scholarship program. *All state funded financial aid must be in purpose code 230.*

**8. Promotional Items** - A promotional item is an item purchased for advertising purposes to be given to an employee or non-employee. Normally, the item would have the name of a department or program printed on it with a message or telephone number.

Promotional items paid from state funds should be of minimal value and should be charged to the advertising account code (234410). In the cases of office supplies which may have the name of a department printed on them at nominal cost, these items would be coded to the supplies account code (201110).

Examples of appropriate purchases of promotional items from state funds are as follows:

- a. Health/safety related - purchase of small refrigerator type magnets or pencils with the University's emergency telephone number on them as it is in the best interests of the University to ensure that the emergency number is readily available.
- b. Mission and program related - purchases of pencils with the University of North Carolina at Greensboro name and admissions number on the pencils by the University's Admission's department.
- c. Recruitment events / Workshops – purchases of small items of minimal value with the name of a department or workshop printed on the materials so long as the cost of the printing is not excessive.

Examples of *inappropriate purchases of promotional items from state funds* would be the purchase of t-shirts, lunch bags, or other items which would primarily be used for personal purposes and/or would have more than a nominal value. Articles of clothing or meal related items generally fall in this category unless they are part of a required uniform, which would not then be considered a promotional item.

### **B.Unallowable Purchases from State Budget Codes (General Funds)**

There are some purchases that are specifically not allowable from state funds. Listed below is information about purchases that are prohibited:

1. The purchase of alcoholic beverages and “setups”.
2. The purchase of items for personal use.
3. The purchase of food, coffee, tea, drinks, candy, snacks, break refreshments, etc. for consumption by employees or guests is prohibited from state operating funds under all circumstances other than those provided for under University travel regulations (<https://policy.uncg.edu/university-policies/travel/>). These travel regulations provide specific guidance as to allowable reimbursable expenses for meals when in travel status. State budget regulations do provide for the purchase of refreshments for coffee breaks for meetings/conferences which are planned in detail in advance, with a formal agenda or curriculum, where there is a formal written invitation to participants setting forth the calendar of events and the detailed schedule of costs, and there are twenty (20) or more participants per day. The details can be found in section 5.8 of the State Budget Manual, which is located at [https://www.osbm.nc.gov/budman5-travel-policies#TP5\\_1\\_10](https://www.osbm.nc.gov/budman5-travel-policies#TP5_1_10). The purchase of food *is permissible*, however, when purchased for use in research, education, or for consumption by research animals rather than for personal use.
4. The purchase of medications (pain relievers, aspirin, etc.) and/or medical supplies for staff/employees is not allowable other than as may be required by federal or state regulations or for emergency first aid.
5. The purchase of microwave ovens, coffee pots, refrigerators, or related items for personal office use is not allowable. This prohibition does not extend to equipment or supplies utilized for educational or research purposes or for equipment purchased for all employees’ use in the outfitting of a building.
6. The purchase of plants or flowers (live or artificial) for decorative use in an office is prohibited. The purchase of flowers or plants *is permissible*, however, when purchased for use in research, education, or for consumption by research animals rather than for decorative or personal use. Also allowable are purchases of flowers and plants by the Facilities Division as part of campus maintenance.
7. The purchase or framing of pictures, art, diplomas, etc. for use in a personal office for decorative purposes is not allowed. Exceptions include the purchase/framing of motivational or informational wall hangings which are

- functional rather than decorative in nature and are intended for departmental use rather than for one individual's office.
8. The purchase of party items or other decorative items to decorate an office for a holiday or party or general decorative use, including the purchase of balloons and other like items, is not allowable.
  9. The purchase of picnic tables for a department other than by the Facilities Division as part of the campus maintenance function is not allowable.
  10. The purchase of picnic items (paper plates, cups, napkins, forks, spoons, etc.) for office/employee use is not allowable.
  11. The rental of portable water dispensers or the purchase of bottled water from state funds is not allowed and is considered a personal expense.
  12. The purchase of gifts or flowers for an employee or non-employee is considered a personal expense and is not allowable.
  13. The purchase of get-well cards, sympathy cards, birthday cards, Christmas cards, or other holiday cards is considered a personal expense and is not allowable.
  14. The purchase of personal clothing items or t-shirts which are not part of required uniforms, safety related, or program related (for example, use in textile research) is not allowable.

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### **State Appropriated Carry-forward Funds**

State appropriated carry-forward funds are state operating funds which have not been expended as of June 30th of a fiscal year and have been approved for "carry forward" to the next fiscal year. Expenditures of these funds follow the same guidelines as normal state appropriated operating funds except that, if approved by the appropriate Vice Chancellor and included in the University's budget flexibility plan, funds may be transferred to capital improvement codes and used for renovation and/or new construction projects (upon approval by the Office of State Budget and Management). Once transferred to a capital improvement code, the carry-forward funds cannot be transferred back to an operating code.

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### **Sales and Services Funds**

Expenditures from sales and services trust funds follow the same guidelines as those for state appropriated funds except that funds may be used to purchase meals and/or refreshments for conferences or workshops when a fee is charged to participants and deposited into the trust fund that allows for the meals/refreshments. The exception for food/refreshments is specifically limited as described above and must be included in the fund authority for the project.

Purchases from a sales and services trust fund must be for the purpose of supporting the activities for which the sales/service project was created and all

costs of providing those services, including salaries, must be charged to the trust fund.

Funds received from sales of baked goods, t-shirts, and other similar items by students or faculty as part of student fund raising efforts are exempt from the requirement to be treated as state funds. These funds are treated as gifts in determining how they may be expended.

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### **Auxiliary and Internal Service Funds**

Auxiliary and internal service funds include Parking Operations, Housing & Residence Life, Student Health Service, Printing Services and UNCG income from outside contracted auxiliaries such as campus dining and bookstore. Expenditures from these funds must follow the same guidelines used for state funds except when used for certain program related activities as noted in the individual auxiliary sections below. In all cases, state funds expenditure guidelines must be followed when using the funds for staffing an auxiliary or internal service office or for carrying on activities which are similar to state funded activities. No extra benefits, compensation, food, or any other item which could not be paid from state funds may be provided to University employees paid from auxiliary and internal service funds.

**Parking Operations** - Must use state appropriated funds guidelines. May purchase items falling outside state guidelines when the items are purchased as part of providing a specific service that is contracted and paid for by a department such as Housing & Residence Life or Athletics. The items purchased outside the state funds guidelines must be an integral part of the contracted service and appropriate for the program to which they are being provided.

**Housing & Residence Life** - Must use state appropriated funds guidelines for administrative related operations for University employees. May purchase items falling outside the state funds guidelines for student activities/programs related to the housing program.

**Printing Services / University Graphics / Central Stores** - Must use state appropriated guidelines.

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### **Receipts from Vending Facilities Funds**

Per North Carolina general statutes [N.C.G.S. 116-2. and N.C.G.S. 111-42(d)], the term “vending facilities” includes both of the following descriptions:

1. any mechanical or electronic device dispensing items or something of value or entertainment or services for a fee, regardless of the method of activation, and regardless of the means of payment, whether by coin, currency, tokens, or other means; and

2. a snack bar, cafeteria, restaurant, café, concession stand, vending stand, cart services, or other facilities at which food, drinks, novelties, newspapers, periodicals, confections, souvenirs, tobacco products or related items are regularly sold. North Carolina general statutes also specifically restrict the use of vending receipts. The following uses of net proceeds from the operations of vending facilities are authorized:
  1. Scholarships and other direct student financial aid programs.
  2. Debt service on self-liquidating facilities.
  3. Any of the following student activities if authorized by the Chancellor:
    - a. Social and recreational activities for students residing in self-supporting Housing & Residence Life facilities. However, expenditures for these purposes shall not exceed the amount of total net proceeds derived from vending facilities located in such facilities.
    - b. Special orientation programs for targeted groups of students (e.g., peer mentor programs).
    - c. Operating expenses of scholarships and student awards and honors programs.
  4. Specified use of net proceeds as a condition of certain gifts, grants, or bequests. For example, a condition of a gift of a vending facility to the university might be that proceeds are to support some specific segment of the university.
  5. Retention to provide for working capital, replacement of facilities and equipment, and other purposes to support the continuing, orderly operation of the particular self-supporting service operation.
  6. Transfers to other self-supporting student service operations and authorized capital improvement projects, upon the written recommendation of the University's Chancellor and subject to the written, advance approval of the UNC President. [N.C.G.S. 116-36.4]

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## **Contracts and Grants Funds**

Due to the restrictive nature of sponsored awards, expenditures charged to contract and grant funds must comply with all applicable regulations. These regulations will vary with each award, but generally include:

- UNC System Office State, and University regulations and procedures (travel reimbursements, consulting, payroll, purchasing, etc.),
- Chapter 2 of the Code of Federal Regulations (CFR) Part 220 (Cost Principles for Educational Institutions and formerly known as OMB Circular A-21), and the specific guidelines and regulations from the Sponsor.

Section C of Appendix A to 2 CFR Section 220 also requires that contract and grant

expenditures be reasonable, allocable to the particular award, and conform to the limitations of the sponsored agreement in order to be allowable as an expense to the contract and grant fund. UNCG Contracts and Grants policy #8 provides guidance on common cost elements which may be incurred in sponsored awards. This policy can be found at: <https://sys.uncg.edu/contracts-and-grants/>.

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### **Gift and Endowment Income Funds**

Expenditures from gift and endowment income funds must be made prudently with the intent of the donor in mind and follow the restrictions set by the donor. Expenditures for alcoholic beverages should be strictly limited and must have the approval of the appropriate Director, Dean, or Vice Chancellor. The primary purpose of an expenditure must be for the benefit of the University and, therefore, not for the direct benefit of an employee.

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### **Endowment Principal Funds**

Endowment principal funds are funds provided to the University, normally in the form of a trust or gift, for investment to generate income. The income may be unrestricted or restricted for a particular purpose.

Generally, expenditures are not allowable against true and term endowment principal funds. All endowment related expenditures must be made from endowment income funds (see above)

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### **Foundation Funds**

The University affiliated foundations are legally separate organizations and, therefore, are not subject to the University and State spending policies that are specified in this document. However, all expenditures from foundation funds must follow restrictions set by the donor and should be supported by appropriate documentation and approvals. Also, any awards paid from foundation funds to employees of the University are taxable and will be included on each employee's W-2.

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## **Student Activity Fee Funds**

Student activity fees may be expended for student activities including the purchase of items which may not be paid from state funds so long as a prescribed student budget allocation process is followed in the allocation of funds. The funds may not be used to fund activities for University staff or offices which could not be purchased from state funds (see guidelines above). No extra benefits, compensation, food, gifts, or any other items which could not be paid from state funds may be provided to University employees except where food is incidentally served to employees attending a student function. Expenditures for alcoholic beverages are prohibited.

Good business practices, including the utilization of state term contracts and state purchasing regulations, are encouraged when expending student activity funds.

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## **Educational and Technology Fees**

The Educational and Technology Fee is used for two major purposes:

1. the provision of equipment, supplies, and maintenance for laboratories with curricular purposes, and
2. the provision of campus-wide computing services important to students.

These funds must follow the same purchasing guidelines as state funds.

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## **Patent Royalty Funds**

Patent royalty funds are royalties derived from licensing of a patent. These funds must be used for support of research. They are flexible in nature and may be used like an unrestricted gift, including payment for items which could not normally be paid from state funds, so long as the funding is for the benefit of the University and not for the personal benefit of an individual.

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## **Orientation Fee Funds**

Orientation fees are fees paid by students to fund the new students' orientation program. The fees may be used for payment of normal orientation expenses including food and refreshments for student orientees, orientation training (includes training retreats), and other expenses as necessary to provide a full orientation experience for students. Expenditures for alcoholic beverages are prohibited. The funds may not be used for refreshments for university staff meetings or other business which is outside the confines of the retreat, orientation training programs, or orientation program.

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## **Other Institutional Trust Funds**

Expenditures from other institutional trust (i.e., non-state) funds, which includes overhead receipts funds and athletic funds, should follow the same guidelines as those for state appropriated operating funds but may be less restrictive. Other institutional trust funds may be transferred to the capital improvement budgets for use in renovations or new construction.

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## **Discretionary Funds**

Funding for discretionary funds typically comes from unrestricted gifts and investment income and is allocated to the Provost and Vice Chancellors by the Chancellor. Discretionary funds may be used to meet a broad range of the University's 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.

- ✓ Each expenditure of discretionary funds must be for a valid University purpose. These expenditures (whether for 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 documentation including receipt(s), business purpose, date and location, and names of persons involved. The University's Business Entertainment Policy #8 is found at <https://sys.uncg.edu/financial-services-policy-8-business-entertainment/>.

- ✓ 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.
- ✓ Expenditures that confer a personal benefit upon the individual authorizing the expenditures are not allowable. However, expenditures for items such as a retirement gift or an employee award are allowable if authorized by a different individual than the one receiving the gift or award. For further instructions related to gifts, refer to the University’s purchasing policy 4.16 which is found at <https://purchasing.uncg.edu/policies/purchasing-policies/>.
- ✓ The use of discretionary funds for donations or contributions to non-profit organizations is only permitted if a “university related” 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.

The University’s spending policy #7.10 “*Use of Discretionary Funds*” may be found at <https://sys.uncg.edu/financial-services-policy-7-10-policy-for-use-of-discretionary-funds/>.

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## Agency Funds

This category includes funds held by the University as fiscal agent for student, faculty, and staff organizations where it has been deemed in the best interests of the University to provide an accounting service. These funds do not belong to the University and the University does not determine what they can be spent for except as follows:

1. The University requires a formal approval process to ensure, to the extent possible, that funds in these agency funds are not misused.
2. The funds should not be spent for any purpose which would be detrimental to the image of the University.

The University does not require the custodian of an agency fund to utilize the University travel and/or purchasing regulations or guidelines for expenditures of funds except that adequate documentation is required to ensure that an authorized person is initiating an expenditure request.

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## Other Information

### **A. Expediting Fee for H1B-Visa Forms (Form -907)**

Normal processing of an H-1B petition is currently taking between 4-7 months, while paying a premium processing (expediting) fee will ensure a response within 2 weeks. Payments for expediting fees for H1B-Visa Forms may track the salary funding source so long as the payment is made for a business reason *and* for the convenience of the University and not for the employee. Regardless, contracts and grants funds may not be used to pay the fee for any reason. The expediting fee is considered a business expense, specifically, a recruiting expense. Some examples of appropriate funding sources are as follows:

<u>Salary Source</u>	<u>Possible Funding Sources for Expediting Fee</u>
State funds	State funds or discretionary funds
Contracts/Grants funds or discretionary funds	Overhead funds or discretionary funds Gift funds Gift funds or discretionary funds

Additional information may be found at  
<http://provost.uncg.edu/immigration/fees.htm>.

### **B. Related Documents and Websites**

1. UNCG Policies and Procedures [https://policy.uncg.edu/university-policies/policy\\_on\\_policies/](https://policy.uncg.edu/university-policies/policy_on_policies/)
2. UNCG Purchasing <http://purchasing.uncg.edu/> and <https://ncadmin.nc.gov/about-doa/divisions/purchase-contract>
3. UNCG Finance <http://fsv.uncg.edu/>
4. UNCG Accounting Services  
<https://acb.uncg.edu/>  
<https://accountspayable.uncg.edu/>
5. UNCG Travel Policies and Procedures <https://policy.uncg.edu/university-policies/travel/>
6. UNCG Financial Planning & Budgets <http://bud.uncg.edu/>
7. UNCG Contracts and Grants Accounting Office <http://cgs.uncg.edu/>

8. Office of State Budget and Management <http://www.osbm.state.nc.us/>
9. The UNC Policy Manual  
[http://www.northcarolina.edu/policy/index.php?pg=vb&node\\_id=255](http://www.northcarolina.edu/policy/index.php?pg=vb&node_id=255)
10. The UNC System Office Financial Policy Manual  
[http://www.northcarolina.edu/finance\\_policy/index.php](http://www.northcarolina.edu/finance_policy/index.php)

The Uniform Guidance, codified at 2 CFR 200, issued by the Office of Management and Budget (OMB) includes revised cost principles for federal awards made on or after December 26, 2014. <http://www.ecfr.gov/cgi-bin/text-idx?SID=60623b20e6213558b4aa6ab7eb76b619&node=2:1.1.2.2.1.5&rgn=div6>

**C. Quick Reference Guide of Spending Rules by Fund Source**

	State Funds (11XXXX)	Institutional Trust Funds			
		Contracts & Grants Funds (200001-229999)	Auxiliary & Int. Service Funds (3XXXXX)	Other Inst. Trust Funds (12XXXX) and *(13XXXX)	Discretionary Funds (134XXX)
Moving expenses	No	No	N	Yes	Yes
Travel reimbursements	Yes	Yes	Y	Yes	Yes
Membership dues	Yes	No	Y	Yes	Yes
Passports & Visas	Yes	No	Y	Yes	Yes
Employee awards	Yes	No	Y	Yes	Yes
INS fees	Yes	No	Y	Yes	Yes
Food & Refreshments (non-travel related)	No	No	Y	Yes	Yes
Financial aid to students	Yes	Yes	N	N	No
Promotional items of nominal value	Yes	No	Y	Yes	Yes
Alcoholic beverages & set-ups	No	No	N	N	Yes
Medications and/or medical supplies for personal use	No	No	N	N	No
Microwave ovens, refrigerators, coffee pots	No	No	Y	Yes	Yes
Framed artwork or diplomas	No	No	Y	Yes	Yes
Party items or decorations	No	No	N	N	Yes
Bottled water or water dispenser	No	No	Y	Yes	Yes

Gifts, flowers/plants, cards	No	No	Y	Yes	Yes
Personal clothing with University logo	No	No	Y	Yes	Yes
Personal clothing without University logo	No	No	N	N	Yes
Other items for personal use	No	No	N	N	No

- This Quick Reference Guide reflects the rules that generally apply in the **majority** of situations (80% plus). It is NOT all inclusive.
- A **YES** may require: Specific Criteria to be met, adherence to Restrictions, appropriate Documentation, Authorization and Approvals.
- For **NO**, authorized exceptions for specific situations may exist.
- The User of this Quick Reference Guide should always research the Spending Guidelines Document in its entirety, as well as the applicable policies and procedures, before making a final determination of appropriate spending from the various fund sources.
- If your research fails to resolve your spending question, please contact the appropriate Finance and Administration Office (i.e., Purchasing, Accounts Payable, Budgets, Contracts & Grants, etc.) for further discussion and resolution of your question.

\*Excludes 134XXX