The University receives funds from many different sources. These funds are intended to be used in the pursuit of the University’s mission and programmatic objectives. Most of these funds (including State appropriations) are restricted or otherwise specifically dedicated to these purposes and must be expended in accordance with the specific statutes, rules, regulations and limitations of the funding authority. Funds received by the University that are not restricted or dedicated but are, by definition, “discretionary” funds provide an essential flexibility to enhance the University’s ability to accomplish its mission. They permit the University to do some things that private universities customarily do with institutional funds. As good stewards we must ensure that the expenditure of these discretionary funds is consistent with the following general guidelines:

1. Each expenditure of discretionary funds must be for a valid University business purpose. These expenditures (whether for official functions, banquets, meetings, meals, travel, lodging, entertainment, gifts and awards, or memberships) must be consistent with general University procedures and be accompanied by appropriate documentation. Strict dollar limitations set for State funds, however, do not apply nor do State-prohibitions for certain types of expenditures (e.g., alcohol). Documentation should include receipt(s), purpose, date, location and names of persons involved.

2. Expenditures that might appear to confer a personal benefit upon an individual (e.g., country club memberships) require authorization at least one level in the organization above the individual receiving the benefit. Expenditures that are clearly for a University purpose but confer only an incidental personal benefit are excluded from this requirement for additional authorization, however, good judgment should be exercised.

3. Expenditures for goods or services not routinely associated with the conduct of public business require authorization at least one level in the organization above the individual proposing the expenditure. Any personal gifts fall into this category. Excluded from this category are flowers sent in the case of death or illness or for the purpose of congratulations or commemoration.

4. For the Chancellor and those individuals reporting directly to the Chancellor, the required second level signature for expenditures noted in items #2 and #3 above is that of the Chief Financial Officer.

5. The true test of every expenditure from a discretionary account is whether one could reasonably defend it to an auditor and not be embarrassed being associated with it in a front page newspaper article.

Approved by: [Signature]
Date: June 25, 2001