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Memorandum (2011/1)

To: All University Employees

From: Yolanda Banks Deaver
Interim Vice Chancellor for Administration and Finance

Date: November 3, 2010

Subject: Administrative and Financial Practices

The North Carolina Central University (NCCU) Division of Administration and Finance would like to take this opportunity to provide the campus with a few brief pointers concerning procedures and practices that should make financial transactions more transparent and trouble free. Obviously all financial transactions cannot be covered in a brief memorandum. However, based on experience, this writing will attempt to address the most frequent questions that arise.

At the outset, it is important to understand that a number of offices constitute Administration and Finance. The offices of Administration and Finance are charged with insuring that our university's financial transactions comply with all applicable state, federal and UNC System rules and regulations. Noncompliance with those rules and regulations could result in audit findings, adverse publicity, high level investigations and inquiries into suspected "improprieties", and/or the ultimate sanction, the loss of financial flexibility, which would entail direct supervision of our university's finances by outside agencies.

It must never appear that our university is incapable of conducting its own financial matters. In that spirit, please be governed by the information provided below:

State Regulations: All funds deposited within University accounts are subject to the rules and regulations of the State of North Carolina (regardless of the source of those funds – including grants). The requirements of the funding source will be accommodated to the fullest extent possible, but state regulations will overrule all others in the case of a conflict.

Purchasing: The purchasing process is mandated by the State and a purchase order is the only official way of doing business with state agencies, which includes NCCU. Competition is the basis for all purchases over \$5,000 and compliance with all purchasing regulations must be documented by the NCCU Purchasing Department. Purchases made in circumvention of state and University purchasing rules and practices are the individual financial responsibility of the person authorizing the nonconforming activity – no University funds will be used for the nonconforming purchase.

Payment Terms: State payment terms are “Net 30” – meaning that payment for a valid invoice for satisfactory goods or services will be made within thirty days of receipt by the NCCU Accounts Payable Office. It is necessary for a campus department to sign-off on invoices for services or items not received through NCCU Central Receiving. Please note that all checks are mailed to vendors; checks cannot be picked up.

Spending Guidelines: There are important limitations for which monies administered by state agencies can be used. NCCU Spending Guidelines are attached and also available online at the NCCU Intranet website. Please be aware that items not directly related to academic instruction are suspect (including items such as alcohol, art work, Christmas and greeting cards, flowers, clothing, etc.). The NCCU Budget Office is a good resource if you have questions about spending guidelines.

Budgets: The State fiscal year begins on July 1st, but agency budgets may not be available until much later (when the NC Legislature approves a new budget). Monies allocated to the University are reallocated to campus departments through the NCCU Budget Office after consultation and approval from the Chancellor and other top University officials. Campus departments are asked to be vigilant in overseeing their individual budgets using BANNER and all other available devices.

Human Resources: There are a plethora of regulations concerned with personnel decisions. The golden rule is to contact NCCU Human Resources to start any sort of personnel process. Note, however, one of the most important regulations of which to be aware is that no one should be allowed to start work without a formal offer issued by NCCU Human Resources and an executed appointment letter approved through University administration. It is a priority for employees to have completed all their employment paperwork for identification verification, tax withholding, and eligible benefits within days of beginning work. NCCU Human Resources must also make the determination of whether services are being provided by someone serving in the capacity of an employee or an independent contractor. It is important to remember that an individual cannot be both an employee and an independent contractor and that there are stringent guidelines for contracting with retired employees, relatives of employees, or companies owned by current employees.

Check Requests: Check requests should only be used under extraordinary circumstances – generally where a purchase order cannot be processed. A justification for the use of a check request is required. The check request process is not an alternative to the purchasing process and in instances where it appears a check request is being used to circumvent the State mandated purchasing requirements, the check request will not be processed. Instances where a check request is appropriate are delineated on the check request form.

Travel: All official travel must be coordinated through the NCCU Travel Office. One is only covered by the University’s insurance if one is in “travel status.” Authorized and allowable travel expenses are, with only very limited exceptions, paid by employees and reimbursed upon receipt of proper documentation. For example, airline tickets may be prepaid through the NCCU Travel Office, but hotel expenses cannot. Note also that the rates of reimbursement for car mileage and per diem expenses are dictated by the State and are subject to change.

Food and Drink: The use of state allocations for food and drink is strictly limited. As a general rule, state funds can only be used for work-related gatherings of twenty (20) or more persons at a rate not to exceed \$4.50 per person per day. Sustenance during travel on behalf of the University must conform to state per diem regulations. NO ALCHOLIC BEVERAGES can be purchased with state allocations or served on state property. Sodexo, the NCCU food service vendor, has an exclusive right of first refusal for all catering events held on campus. Because of the risk of contamination and/or the distribution of improperly cooked or temperature controlled food items, no organization (club, group, office, etc.) other than Sodexo is authorized to cook and serve food on campus. The NCCU Business and Auxiliaries Services Office is to be contacted if a group or organization wishes to sell any food items on campus. The Business and Auxiliaries Services Office may be reached at 530-7418 or 530-7807.

Repair and Renovation Projects: Repair and renovation projects undertaken by individual campus departments must be conducted with the approval of Facilities Management. Facilities Management is responsible for determining the scope of each project and identifying an appropriate contractor (through competitive bids if necessary). Campus departments must identify funding for repair and renovation projects and transfer those funds to Facilities Management.

Projects costing \$300,000 or more are “capital projects” which are regulated by special rules and procedures of the State Construction Office and the Office of State Budget and Management. Capital Projects must be coordinated with NCCU Facilities Management and the NCCU Budget Office. No individual is to call a contractor or vendor to perform services; this is the responsibility of the NCCU Design and Construction Unit.

Modular or Temporary Structures: All temporary or modular structures are subject to State Insurance Office and/or State Construction Office regulations. All such structures (temporary buildings, canopies, tents, storage units, etc.) must be approved through NCCU Facilities Management and the NCCU Environmental and Occupational Health and Safety (EHOS) Office, and permits must be received from the appropriate state offices before they can be erected on campus.

Hazardous Chemicals: The purchase of all hazardous chemicals must be routed through the Environmental and Occupational Health and Safety (EHOS) Office. The EHOS Office must certify that persons handling hazardous chemicals or materials are properly trained, and that any compatibility requirements or prohibitions of use can be met. In addition, prior to purchase, documentation must be provided that hazardous chemicals (including associated waste products) can be properly accepted, stored, used, and disposed of.

Insurance: Insurance is handled through NCCU Business and Auxiliary Services (Terri Lawson). It is the campus department’s responsibility to identify assets that should be added to the University’s coverage. This is especially important for newly purchased items, but there may be significant items that have been overlooked in the past. When in doubt, please be proactive and contact the insurance office.

The Bottom Line: Although financial processes may seem complicated and detailed, it is extremely important that our university can unequivocally demonstrate compliance with state rules, regulations, or mandates – to do otherwise results in negative (and sometimes unfair) fiscal and/or public consequences. It is up to all of us to ensure that NCCU provides proper and appropriate fiscal responsibility for all its funds.

North Carolina Central University



Basic Spending Guidelines By Fund Source

**The North Carolina Central University
Basic Spending Guidelines
by Fund Source**

**Basic Spending Guidelines by Fund Source
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The North Carolina Central University

Basic Spending Guidelines by Fund Source 2010

The 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 some basic rules, regulations, and precedents which are presented here, however, which can help to guide an employee in making wise spending decisions. These guidelines are provided to ensure that faculty/staff can carry out the university's mission effectively, while ensuring that fiscally wise, politically sound, and legal spending practices are followed.

All Sources of Funds

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/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/staff members in their decision-making. At all times, faculty/staff are encouraged to avoid the appearance of poor management of funds as well as the reality of poor management of funds.

Exceptions and Interpretations

Every attempt has been made to make these guidelines comprehensive. There may be cases, however, which would fall outside the guidelines and yet be legal expenditures and in the best interests of the university. If a case occurs in which an individual believes an exception should be made to the guidelines, he/she should request through the unit's financial manager that an individual determination be made on a particular item. The Budget Director, or designee, will work with the department or office financial manager to determine the latitude available on the request, the university business purpose of the request, and other options which may be available.

Financial Manager Responsibilities

The financial manager (individual responsible for the funds in a project) has the responsibility to ensure that proper documentation procedures are followed for projects that he/she controls and that only authorized expenditures are charged to a project. Further, the financial manager is responsible for ensuring that any projects which he/she may control are reviewed at least monthly and any transactions which are incorrect or do not belong on a project are reported to the Controller's Office. Finally, a financial manager is responsible for ensuring that he/she maintains a positive or zero cash balance on trust fund projects unless specifically exempted from this requirement in writing by the Vice Chancellor for Financial Affairs.

Payments to Employees

Regardless of funding source, payments to employees are limited to authorized reimbursements, authorized awards, or authorized salaries. Payments to employees for compensation for work must follow guidelines published by the Office of Human Resources and must be initiated through the payroll system.

Personal reimbursements for items such as supplies, travel, or meals to an employee must be approved by an individual at a higher level of authority in the university's organization. Personal reimbursements for items and supplies should be for emergencies only, not for the daily operational needs of the department. These purchases should normally be made with prior planning and through the requisition process. Any such approved reimbursement must be

documented appropriately for the expenditure. For example, the purchase of supplies would require following purchasing guidelines.

Adverse Weather Events and Other Emergency Conditions

During periods of adverse weather some University operations require employees to report to or remain at work in order to provide emergency services. The University will provide staff designated as emergency employees with advance written notice of this status. Emergency status is considered a condition of employment for these employees and will be included in the official position description and job announcements, as well as on the employee's work plan. The University Police, the Student Health Services and the Cafeteria are to remain open under all circumstances. If necessary, University Police will make every effort to provide transportation for individuals required to remain. Physical Plant, as necessary, will assign a work crew. The Adverse Weather Policy is available at:

http://www.nccu.edu/formsdocs/proxy.cfm?file_id=206

Penalties and Charges Resulting from Cancellations of Travel Reservations

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. 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.

Travel Reimbursements and Expenditures

A complete set of travel reimbursement policies may be found in The NCCU Travel's Office Policies and Procedures.

Long Distance Telephone Calls

Long distance telephone calls are allowable from university funds only for university business. Requirements for long distance telephone calls may be found in Telephone Use Policy at the NCCU website.

Moving Expenses

When authorized, moving expenses for *new* employees must be paid from discretionary or foundation funds. Moving expenses should be carefully documented and will be reported as taxable income to the individual involved. Three vendor quotes are required for moving expenses under \$5,000. Moving expenses costing over \$5,000 or more must be handled on a purchase requisition or bid basis.

Expenditure Account Codes (formerly known in FRS as Object Codes)

Expenditure account (object) codes are codes that must be used when processing financial transactions to identify various classes of expenditures, for example, 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.

Information regarding expenditure account codes for coding expenditures may be found at:

http://www.nccu.edu/formsdocs/proxy.cfm?file_id=843

Program (Purpose) Codes

Program (purpose) codes are codes that help to classify financial activity by its function, for example, 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 project at the time the project is created. Because of the need to report financial activity by function, a project may not be classified into more than one function. Program codes may impact the way funds can be spent. Information regarding individual program (purpose) codes may be found at: <http://intranet.northcarolina.edu/docs/finance/reports/COA.pdf>

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 street sweeper might be appropriate from the Facilities Division budget, but inappropriate from the English department's instruction budget.

Miscellaneous State Budget Code Rules

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

1. Membership Dues - Membership dues may not be paid for individual employees or for the benefit of an individual employee. Membership dues paid from state funds must be for the benefit of the university and not the individual and shall be kept to a minimum. 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. Department heads or designees must review and approve all memberships to determine that the benefits accruing to the state will exceed the costs. 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 when they meet each of the following criteria:
 - 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.*
 - Move is accomplished within 90 days. The department head or designee may approve an extension of an additional 90 days. An extension in excess of the 180 days must be submitted to the NCCU Budgets Office and approval obtained in writing from the North Carolina Office of State Budget and Management.

- The new duty station is 50 miles or more from the existing (or prior) duty station.
4. Payment of Awards to Employees for the Employee Suggestion System - State funds may be used for payments of awards under the State Employee Incentive Bonus Program. Information regarding the awards program may be found at: http://www.ncosc.net/sigdocs/sig_docs/payroll/manual/OSC-CP-H.06.html
 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 (for example, I-485, I-765, and I-539) required of the prospective employees are 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 - In the case of certain conferences, classes, or 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. 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 then be made from the trust fund. Under no circumstances may these payments be made directly from the State Budget Code project.
 7. Scholarships - Scholarships may be paid from state funds only if they are part of a legislatively approved and separately budgeted scholarship program.
 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.
 9. Promotional items paid from state funds should be of minimal value and should be charged to the advertising object code (73400). 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 object code. Examples of appropriate purchases of promotional items from state funds are as follows:
 - a. Health/safety related - example, purchase of small refrigerator type magnets or pencils with the university's emergency telephone number on them, it being in the best interests of the university and the state to ensure that the emergency number is readily available.
 - b. Mission and program related - example, purchases of pencils with NCCU's name and admissions number on the pencils by the University's Admission's department.
 - c. Office supplies 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, coffee cups, six-pack coolers, 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 (would not then be considered a promotional item).

Unallowable Purchases from State Budget Codes

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

1. The purchase of alcoholic beverages and “setups” is prohibited from state funds.
2. The purchase of items for personal use is prohibited.
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 and state travel regulations. The 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 not to exceed \$4/person 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. Specific information about situations in which coffee breaks can be paid from State funds may be found in North Carolina State Budget Manual which is located at: http://www.osbm.state.nc.us/files/pdf_files/2003_budget_manual.pdf

Purchases of food, flowers, and plants *are* permissible when purchased for use in research, education, or for consumption by research animals rather than for decorative or personal use.

4. The purchase of medications (pain relievers, aspirin, etc.) and/or medical supplies for staff/employees other than as may be required by federal or state regulations or for emergency first aid is not allowable.
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.
6. The purchase of plants or flowers (live or artificial) for decorative use in an office is prohibited except purchases by the Physical Plant 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.
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 Physical Plant 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 and the purchase of bottled water from state funds is not normally (see exceptions below) allowable and is considered a personal expense. A portable water dispenser can be rented or bottled water purchased from state appropriated or overhead funds only if there is a health/safety reason for the purchase.

Examples would be if a temporary condition existed where water quality in a facility was

below state standards or when university personnel (for example, Physical Plant personnel) are working under weather or other conditions where water is not available otherwise.

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.

State Budget Codes - Educational and Technology Fees

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

1. The provision of equipment, supplies, and maintenance for departmental laboratories with specific curricular objects, and
2. The provision of campus-wide student computer services.

These funds are state appropriated funds and must follow all state guidelines and must be used for the purposes above. Additional spending limitations on Educational and Technology funds are established yearly by the Provost's Office.

State Appropriated Carryforward Funds

(May be found in the same projects as State Budget Codes - General Operating Funds)
State appropriated carryforward funds are state operating funds which have not been expended as of June 30 of a fiscal year and have been approved to "carry forward" as budget in the next fiscal year.

Expenditures of these funds follow the same guidelines as normal state appropriated operating funds except that, with the approval of the Chancellor, and inclusion in the budget flexibility plan, funds may be transferred to capital improvement codes and used for renovation and/or new construction projects. Once transferred to a capital improvement code, the carryforward funds cannot be transferred back to an operating code.

Overhead Receipts Trust Funds

Expenditures from overhead receipts funds must follow the same guidelines as those for state appropriated operating funds except that the funds may be transferred to the capital improvement budgets for use in renovations or new construction.

Sales and Services Trust 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 charged to participants and deposited into the trust fund includes provision 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 project was created and all costs of providing those services including salaries must be charged to 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.

Auxiliary and Related Trust Funds

Auxiliary and similar operations include the Student Union, Residential Life, Student Health Service, and University Printing. Expenditures from auxiliary 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 office (for example, University Printing office personnel or Mail Office personnel) or 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. The purchase of alcoholic beverages from auxiliary funds is prohibited.

Student Union - Must use state appropriated funds guidelines for administrative related operations for university employees. May purchase items falling outside the state funds guidelines for activities/programs for students sponsored by the Student Union or for decorating the Student Union facilities.

Housing - 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.

University Print Shop - Must use state appropriated guidelines.

Receipts from Vending Facilities Trust Funds

The term "vending facilities" includes both of the following: **(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. [N.C.G.S. 143-12.1(g). N.C.G.S. 111-42(d)] North Carolina general statutes specifically restrict the use of vending receipts. The following uses of net proceeds from the operations of vending facilities are authorized:

- a. Scholarships and other direct student financial aid programs;
- b. Debt service on self-liquidating facilities;
- c. Any of the following student activities if specifically authorized by the Chancellor:
 - o Social and recreational activities for students residing in self-supporting University housing. However, expenditures for these purposes shall not exceed the amount of total net proceeds derived from vending facilities located in such housing facilities;
 - o Special orientation programs for targeted groups of students (eg., peer mentor programs);
 - o Operating expenses of scholarships and other student awards and honors programs.
- d. 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.)
- e. 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.
- f. Transfers to other self-supporting student service operations and authorized capital improvement projects, upon the written recommendation of the chancellor and subject to the written, advance approval of the president. [N.C.G.S. 116-36.4]

Contracts and Grants Trust Funds

Contracts and grants must follow all state appropriated funds guidelines, sponsor specific terms, and conditions noted in the awards documents unless excepted as noted below. An example of an exception would include a Federal or Federal flow through sponsor specifically allowing for the payment of travel expenses at a Federal per diem rate (for example, for foreign travel) or allowances for food costs for seminars or workshops associated with the objectives of the award.

Contracts and grants may also be subject to Cost Accounting Standards (CAS) set forth in OMB Circular A-21. Cost Accounting Standards and other guidance in Circular A-21 are applicable to Federal and Federal flow through awards as well as any other external funds referencing Circular A-21 and/or CAS in their terms and conditions.

Remaining Available Balances from “Fixed Price” Contracts Trust Funds

Expenditures of remaining balances available after all costs related to the contract have been paid for a “fixed price” contract must follow the guidelines for state appropriated funds.

Gift and Endowment Income Trust 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.

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.

Expenditures are not allowable against these endowment principal funds. All endowment related expenditures must be made from *endowment income projects* (see above).

Student Activity Fee Trust 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 university staff 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.

Utilization of state term contracts or state purchasing regulations is not required for student activity funds; however, good business practices are encouraged in expending the funds.

Patent Royalty Trust 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 such events as an Inventors’ Awards Banquet and other 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 persona benefit of an individual.

Orientation Fees Trust 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.

Agency Trust 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. The majority of agency projects are student organization projects. These funds do not belong to the university and the university does not determine what they can be spent for except as follows:

- a. The university requires a formal approval process to ensure, to the extent possible, that funds in these projects are not misused.
- b. The funds should not be spent for any purpose which would be detrimental to the image of the university.

Discretionary Trust Funds

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. Discretionary funds should come from fund raising and allocations from the respective Vice Chancellor.

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.

1. Each expenditure of discretionary funds must be for a valid university purpose.
2. 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), purpose, date, location, and names of persons involved.
3. 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.
4. 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.
5. 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.
6. Sales and services projects may not be used to provide funds for discretionary use and are usually used for scholarships or graduate assistantships.

Vehicle Acquisition Policy

The purchase or lease of all motor vehicles of whatever description (car, golf cart, personal mover, bus, van, etc.) must be determined to be in the best interests of North Carolina Central University (NCCU) as determined by the NCCU Vice Chancellor for Administration and Finance and coordinated through the NCCU Motor Fleet Office.

Major Acquisitions Policy

During periods of economic distress or exigency as determined by the President of the University of North Carolina System (UNC) and/or the Chancellor of North Carolina Central University (NCCU), all individual goods or services costing ten thousand dollars (\$10,000) each or total orders costing one hundred thousand dollars (\$100,000) in the aggregate must be reviewed and approved in advance by the NCCU Vice Chancellor for Administration and Finance or such other University official as the Chancellor may appoint.

Various Related Documents

1. North Carolina State Budget Manual

http://www.osbm.state.nc.us/files/pdf_files/complete.pdf

2. The Administrative Manual of The University of North Carolina

<http://www.northcarolina.edu/pres/publications/publications.cfm#manual>

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