Basic Spending Guidelines by Fund Source
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Western Carolina University
Introduction

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, that can help to guide an employee, department and/or division 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 responsible 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 or 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 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 respective division’s fund/budget manager that an individual determination be made on a particular item. The Controller, or designee, will work with the division’s fund/budget manager to determine the latitude available on the request, the university business purpose of the request, and other options which may be available.

Accountable Officer Responsibilities

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

**Documentation Requirements**

(Note: The guidelines listed below are not intended for procurement of equipment, material or services requiring the use of a university purchase requisition. Please refer to the University Purchasing Policies and Procedures Manual [http://www.wcu.edu/11646.asp](http://www.wcu.edu/11646.asp) for those requirements.)

Expenditure documentation should provide sufficient background information to respond to the following questions:

1. **Why (purpose)?** – An attachment that explains the purpose, details the reason, or describes how the expenditure relates to the departmental program for which the funds were granted or appropriated.

2. **When?** - Provides the date if an expenditure of funds is for a specific event, transaction, etc.

3. **Who?** - When an expenditure is for an item where there is the "appearance of a personal benefit (e.g., travel, entertainment, refreshments, etc.), you must complete an entertainment request form and provide all required details.

4. **Where?** - List the location of the event.

In addition to answering the above questions, documentation should be sufficient to indicate that the primary purpose of the expenditure is for the benefit of the University and not for the direct benefit of any employee. Individuals designated as Accountable Officers have the responsibility to ensure that proper documentation procedures are followed for the funds which they control, and to ensure that only authorized expenditures are made. Lack of appropriate documentation will be considered cause for nonpayment or non-reimbursement of expenditures.

**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. Compensation payments to faculty and staff in addition to their regular salary for
supplemental duties should follow the guidelines in University Policy 22 – Intra-Institutional Professional Activities for Pay.

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 and must be for less than $500. Any such approved reimbursement must be documented appropriately for the expenditure. Non-emergency purchases should be made with prior planning and through the purchase card, check request, or requisition process. For example, the purchase of supplies would require following purchasing guidelines.

Adverse Weather Events and Other Emergency Conditions

In the event of emergency situations, certain departments have personnel critical to the university operations which require employees to report to or remain at work in order to provide emergency services. Examples of personnel who might fit this criterion are key individuals from Facilities Management, Dining Services, Residential Living, Campus Police, University Center, Counseling Center, Health Services, and certain other support 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 arrangements from their normal operating budgets, regardless of source of funding. Requests for payment of these expenses should be clearly documented including the nature of the emergency, names of personnel covered, date(s) of the event, and any other relevant information which might serve to document the expenditures.

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 procedures may be found in the Policies, Rules, and Regulations Website at: http://www.wcu.edu/WebFiles/PDFs/TrvlMnlFeb_2010_revised.pdf.

**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. An example would be an internet connection needed for a research project which required a special hookup and monitoring outside of normal working hours. 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.

**Personal Digital Assistants**

A personal digital assistant (PDA) is a small battery-powered computer which is small enough to be carried by an employee. A PDA is treated in the same way as a laptop computer and may be purchased from University funds. Like other items purchased by the University, however, it remains University property and must be returned if an employee leaves the University.

**Long Distance Telephone Calls**

Long distance telephone calls are allowable from university funds only for university business except in the event of an emergency or certain situations allowable during travel status.

Should other *emergency circumstances* arise which necessitate a university employee to make a personal long distance from a university owned landline or cellular phone, the employee should immediately notify his or her supervisor and make arrangements to reimburse the university.

**Moving Expenses**

When authorized, moving expenses for *new* employees must be paid from university trust, auxiliary, endowment, and/ or foundation funds. Moving expenses should be carefully documented and charged to account code 295010. Using the appropriate account code is very important because the code drives the tax reporting for the moving expense payments. The complete moving expense policy can be found at: http://www.wcu.edu/12386.asp
Expenditure Account Codes

Expenditure account 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.wcu.edu/WebFiles/PDFs/controller_BannerExpenseaccounts-TofC.pdf

Program (Purpose) Codes

Program (purpose) codes are codes that help to classify financial activity by its function. Examples include 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 it 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 accounts with the Student Financial Aid (230) program code. If an individual had a discretionary fund and wished to use it to fund a scholarship, a separate fund would need to be created to expend from for the scholarship or the funds could be transferred to an already existing scholarship fund.

Common Program Codes

101 - REGULAR TERM INSTRUCTION 204 - HEALTH SERVICES  
102 - SUMMER TERM INSTRUCTION 205 - HOUSING SERVICES  
103 - EXTENSION INSTRUCTION 206 - LAUNDRY SERVICES  
110 - ORGANIZED RESEARCH 207 - RECREATIONAL SERVICES  
142 - COMMUNITY SERVICES 208 - STUDENT STORES  
151 - LIBRARIES 211 - CENTRAL MOTOR POOL  
152 - GENERAL ACADEMIC SUPPORT 212 - CENTRAL STORES  
160 - STUDENT SERVICES 214 - PRINTING & DUPLICATING  
170 - INSTITUTIONAL SUPPORT 215 - RENTAL PROPERTY  
180 - PHYSICAL PLANT OPERATIONS 216 - VEHICLE REGISTRATION  
201 - AUXILIARY ADMINISTRATION 227 - UTILITY SERVICES  
202 - UNIVERSITY CENTER 230 - STUDENT FINANCIAL AID  
203 - FOOD SERVICES

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 Management 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. While this is not an exhaustive listing, it does include some of the most frequently encountered items.

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. 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. (State Budget Manual 4.7.4 and University Policy 2 – Society and Association Memberships)

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. (State Budget Manual 5.1.19)

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 Chancellor or his/her designee 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, Planning, and Management.

- The new duty station is 50 miles or more from the existing (or prior) duty station.

For further details, refer to the [University’s Policy for Moving Expenses](#).

4. **Payment of Awards to Employees for the Employee Suggestion System** - State funds may be used for payments of awards under the Employee Suggestion System (NCThinks). Information regarding the awards program may be found at [http://www.ncthinks.nc.gov/aboutus/](http://www.ncthinks.nc.gov/aboutus/)

5. **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. 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.

6. **Scholarships** - Scholarships may be paid from state funds only if they are part of a legislatively approved and separately budgeted scholarship program.

7. **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 (532860). 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 (311010).

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 Western Carolina University’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 are as follows:

a) T-shirts
b) Coffee cups
c) Six-pack coolers
d) Lunch bags
e) 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 specifically not allowable from state funds. Purchases of the following items cannot be paid out of state funds, except as noted:

1. Alcoholic beverages and “setups”
2. Items for personal use
3. 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.

Exceptions are:

a) Meals when in travel status as allowed by travel manual

b) Food is permissible when purchased for use in research, education, or for consumption by research animals.

c) External Conference: (External conferences are those that involve the attendance of persons other than the employees of the University.) Purchase of refreshments for coffee breaks not to exceed $4.50/participant per day is allowable when the following criteria is met:

   i. There are twenty or more participants

   ii. Conference is planned in detail in advance with a formal agenda or curriculum

   iii. There is a written invitation to participants, setting forth the calendar of events, the social activities, if any, and the detailed schedule of costs.

Assemblies should be held in state facilities; however, non-state facilities can be rented and the cost charged to a state agency. For further information see State Budget Manual 5.8.3 and University Travel Policies and Procedures – Section 10-B.

d) Internal Conference: (Conference involving the attendance of employees within the University. A routine staff meeting is not an internal conference.) Purchase of refreshments for coffee breaks not to exceed $4.50/participant per day is allowable when the following criteria is met:

   i. There are twenty or more participants

   ii. Conference is planned in detail in advance, with a formal agenda or curriculum

   iii. There is a written invitation to participants setting forth the calendar of events and detailed schedule
Meeting must be held in state facility when available. For further information see State Budget Manual 5.8.4 and 5.8.5 and University Travel Policies and Procedures – Section 10 -A

e) Training Sessions: (Courses that further develop an employee’s knowledge, skill, and ability to perform the duties of his/her present job.) Department sponsoring training sessions may provide refreshments for “coffee breaks” provided:
   i. There are twenty or more participants, and
   ii. Costs do not exceed $4.50/per participant per day.

Departments may also reimburse employees for training books and materials related to training sessions provided those books are required to participate in the training sessions. These books are considered property of the department and not the personal property of the employee. For further information see State Budget Manual 5.8.6 and 5.8.7 and University Travel Policies and Procedures – Section 10-B

4. Medications (pain relievers, antacids, etc.) and/or medical supplies for staff/employees except as may be required by federal or state regulations or for emergency first aid.

5. Microwave ovens, coffee pots, refrigerators, or related items for personal office use except for purchases of equipment or supplies utilized for educational or research purposes.

6. Plants or flowers (live or artificial) for decorative use in an office except for purchases by Facilities Management as part of campus maintenance or for use in research, education, or for consumption by research animals.

7. Framing of pictures, art, diplomas, etc. for use in a personal office for decorative purposes. 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. 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.

9. Picnic tables for a department except if purchased by Facilities Management as part of the campus maintenance function.
10. Picnic items (paper plates, cups, napkins, forks, spoons, etc.) for office/employee use.

11. 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. In the event that the quality of the water in a campus building is in question, the department should have the water tested. Facilities Management may be contacted to determine if additional water fountains are needed in a campus building. **Exception:** 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, Facilities’ personnel) are working under weather or other conditions where water is not available otherwise.

12. Gift cards, flowers, or other gifts for employees or non-employee (considered a personal expense).

13. Get well cards, sympathy cards, birthday cards, Christmas cards, or other holiday cards (considered a personal expense).

14. Personal clothing items or t-shirts which are not part of required uniforms, safety related, or program related (for example, use in a specific research project).

**State Budget Codes - Educational and Technology Fees**
(Banner Funds numbered 1010XX)

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 student mandatory fees and like state appropriated funds, must follow all state guidelines and must be used for the purposes above.

**State Appropriated Carryforward Funds**
(May be found in the same projects as State Budget Codes - General Operating Funds – Banner Funds numbered 1XX98X)
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.

Carryforward funds are allocated by the Chancellor or his/her designee and must be utilized in accordance with the purpose for which they are allocated.

**Overhead Receipts Trust Funds**  
(Banner Funds numbered 29XXXX)

Expenditures from overhead receipts funds must follow the same guidelines as those for state appropriated operating and must be utilized for the purpose for which they are allocated by the Chancellor or his designee.

**Sales and Services Trust Funds**  
(Banner Funds numbered 2XXXXX)

Expenditures from sales and services trust funds follow the same guidelines as those for state appropriated funds except that:

1. 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 subsidiary fund authority (SFA).

2. Funds may be used to purchase goods and services for the purpose of supporting the activities for which the fund was created. All costs of providing those activities including salaries must be charged to the trust fund.

3. 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.

**Auxiliary and Related Trust Funds**  
(Banner Funds numbered 32XXXX)
Auxiliary and similar operations include the Bookstore, University Center, University Dining, Transportation, Residential Living, Student Health Services, 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 Bookstore 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 except as noted below.

**Bookstore** - Must use state appropriated funds guidelines for administrative related operations for university employees as noted above. **Exceptions** to state funds guidelines include purchases of:

- Seasonal retail display items (fall, winter, spring, and summer) used to enhance or promote product
- Items for promotional giveaways, including food related items, used exclusively for the intended customer base (students, faculty, and staff).

(Also, see vending receipts section below for additional information regarding expenditures.)

**University Center** - Must use state appropriated funds guidelines for administrative related operations for university employees. **Exceptions** to state funds guidelines include purchases of:

- Items for activities/programs for students sponsored by the University Center(s) or for decorating the University Center facilities.

**University Dining** - Must use state funds guidelines for administrative related operations for university employees. **Exceptions** to state funds guidelines include purchases of:

- Items for program activities relating to university dining services or for decorating the Dining Center facilities.
- Alcoholic beverages in the event they are part of a recipe used in the Dining Services catering operation.

(Also, see vending receipts section below for additional information regarding expenditures.)
Transportation - Must use state appropriated funds guidelines except for purchases of:

- Items that are an integral part of providing contracted services paid for by a department such as Residential Living or Athletics. Such items must be appropriate for the program to which they are being provided.

Residential Living - Must use state appropriated funds guidelines for administrative related operations for university employees and other purchases except for purchases of:

- Items for student activities/programs related to the Residence Life program.

University Printing - 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 devise 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:

- Social and recreational activities for students residing in self-supporting University residence halls. However, expenditures for these purposes shall not exceed the amount of total net proceeds derived from vending facilities located in such residence halls;
• Special orientation programs for targeted groups of students (e.g., peer mentor programs);

• 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
(Banner Funds numbered 5XXXXX)

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.

Exceptions to the state funds guidelines must be discussed with and approved by the Director of Contracts and Grants. An example of an exception would include a Federal or Federal flow through sponsor specifically allowing for the payment of travel 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**  
(Banner Funds numbered 62XXXX and 67XXXX)

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.

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 (Corpus) Funds**  
(Banner Funds numbered 61XXXX)

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 (corpus) funds. All endowment related expenditures must be made from *endowment income funds* (see above).

**Student Activity Fee Trust Funds**  
(Generally Banner funds numbered 336XXX)

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.

**Patent Royalty Trust Funds**  
(Banner Funds numbered XXXXXX)

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. For more information, refer to the *WCU Patent and Copyright Procedures*.

**Orientation Fee Trust Funds**  
(Banner Funds numbered 223001 and 271013)
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**
(Banner Funds numbered 81XXXX)

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:

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.

The university does not require the custodian of an agency fund to utilize 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.

**Foundation Funds – Principal (Corpus)**
(Banner Funds numbered 91XXXX)

Endowment principal funds are funds provided to the WCU Foundation, 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 (corpus) funds. All endowment related expenditures must be made from *endowment income funds* (see above).

**Foundation Funds – All Other, including Endowment Income Funds**
(Banner Funds numbered 92XXXX, 93XXXX, 97XXXX, 943310, 943268, and 943269)
All purchases must follow restrictions set by the donor. Any expenditure must be made prudently with the intent of the donor and best business practices in mind. Most payments can be and should be processed using university purchasing and travel guidelines via university systems. Any awards paid to employees from Foundation funds are taxable and are required to be reported to payroll and included in the employee’s W-2.

The primary purpose of an expenditure must be for the benefit of the university and, therefore, not for the direct benefit of an employee.

Purchases of alcoholic beverages may be made from only from Foundation funds if approved by the Vice Chancellor for Advancement and External Affairs. All other purchase requests must be submitted to the Chancellor’s Office for consideration. The University policy can be found in the section of the Purchasing Policies and Procedures manual titled “Purchases Disallowed from State Appropriated Fund” at [http://www.wcu.edu/11712.asp](http://www.wcu.edu/11712.asp)

**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. 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, 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.

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. 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.

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 foundation.

Discretionary funds should come from fund raising and allocations from the Chancellor. Sales and services activities may not be used to provide funds for discretionary use.

**Other Information**

**Funds Exempt from Selected Rules (Exempt Trust Funds and Foundation Funds)**

Foundation funds or certain funds arising from Chancellor's Discretionary money, Foundation transfers, and certain fund-raising revenues, which have the word “EXEMPT” in the title of the Fund may not be subject to selected travel and budget regulations in the following ways:

- **Employees in travel status** can be reimbursed for actual meal costs rather than at the state rate if they are entertaining a guest for a business purpose. The Entertainment Guidelines must be followed and appropriate documentation provided. Discretion in the amounts spent and requested for reimbursement is expected. Must be approved by employee’s supervisor if he/she is being reimbursed.

- **Employees not in travel status** can be reimbursed for meals for themselves and other individuals provided that the business purpose of the meal, the date, receipt(s), the location, and the names and positions of other individuals involved are documented. Must be approved by the employee’s supervisor if he/she is being reimbursed. Must follow the University’s Entertainment Guidelines.

- Departments may purchase lunch for an occasional staff meeting, no more than twice a semester.

- Departments may pay for end of semester functions for faculty/staff. Discretion in the amounts spent and requested for reimbursement is expected.

- Departments may purchase small gifts or flowers for University purposes.

- Donations or contributions to non-profit organizations may be permitted if 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.
Other expenditures not listed above may be allowable. Please contact the University Controller for other specific situations.

**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 H1-B Visa Forms may track the salary funding source so long as the payment is made for a business reason for the convenience of the University and not the employee, except that contracts and grant funds may not be used to pay the fee. The expediting fee is considered a business expense, specifically, a recruiting fee. Some examples of how the funding sources would track are as follows:

<table>
<thead>
<tr>
<th>Salary Source</th>
<th>Possible Funding Sources for Expediting</th>
</tr>
</thead>
<tbody>
<tr>
<td>State funds</td>
<td>State funds or discretionary funds</td>
</tr>
<tr>
<td>Contracts/Grants</td>
<td>Overhead funds, discretionary funds</td>
</tr>
<tr>
<td>Gift funds</td>
<td>Gift funds, discretionary funds</td>
</tr>
</tbody>
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