

FINANCIAL POLICIES

TABLE OF CONTENTS

Contents

| | | |
|-------------------------------|---|----|
| 1.0 | APPLICATION OF THESE FINANCIAL POLICIES..... | 6 |
| 2.0 | BACKGROUND AND PURPOSE | 6 |
| CHAPTER 1: ACCOUNTING..... | | 8 |
| | Policy 1-1 ACCOUNTING PRINCIPLES AND STANDARDS..... | 8 |
| | Policy 1-2 INTERFACE WITH THE STATE FINANCIAL SYSTEM | 8 |
| | Policy 1-3 DELEGATED AUTHORITY..... | 8 |
| | Policy 1-4 FINANCIAL TRANSACTIONS AND INTERNAL CONTROLS | 8 |
| | Policy 1-5 REPORTING OF FRAUD, THEFT, OR EMBEZZLEMENT | 9 |
| | Policy 1-6 ACCOUNTABILITY AND CAPITALIZATION OF EQUIPMENT | 9 |
| CHAPTER 2: DISBURSEMENTS..... | | 10 |
| | Policy 2-1 PROPRIETY OF EXPENDITURES | 10 |
| | Policy 2-2 COMMITMENT VOUCHERS | 11 |
| | 2.2.1 Use of Commitment Vouchers | 11 |
| | 2.2.2 Dollar Limits and Requirements | 11 |
| | 2.2.3 Purchase Orders | 13 |
| | 2.2.4 University Contracts | 14 |
| | 2.2.5 After-the-Fact Purchases | 14 |
| | 2.2.6 Advance Payments | 14 |
| | 2.2.7 Emergencies | 15 |
| | 2.2.8 Vendor Agreements | 16 |
| | 2.2.9 Purchase Order Terms and Conditions See Appendix B..... | 16 |
| | Policy 2-3 RECEIVING REPORTS | 16 |
| | 2.3.1 Purchase of Goods..... | 16 |
| | 2.3.2 Purchase of Services | 16 |
| | Policy 2-4 PURCHASE DISCOUNTS | 16 |
| | Policy 2-5 INTEREST PAYMENTS ON DELINQUENT PAYABLES..... | 16 |
| | Policy 2-6 OFFICIAL FUNCTIONS AND TRAINING FUNCTIONS..... | 17 |
| | Policy 2-7 MISCELLANEOUS COMPENSATION AND OTHER BENEFITS (PERQUISITES)..... | 17 |
| | 2.7.1 Honoraria..... | 17 |
| | 2.7.2 Events Sponsored by the University | 18 |
| | 2.7.3 Meals | 18 |
| | 2.7.4 Temporary Housing Provided to Visitors and Guests | 18 |
| | 2.7.5 Uniforms and Maintenance of Uniforms..... | 18 |

| | | |
|------------|--|----|
| 2.7.6 | Authorized Commuting..... | 18 |
| 2.7.7 | Memberships..... | 18 |
| Policy 2-8 | MOVING and RELOCATION ALLOWANCE..... | 19 |
| 2.8.1 | Background and Purpose..... | 19 |
| 2.8.2 | Policy..... | 19 |
| 2.8.3 | Criteria..... | 19 |
| 2.8.4 | Reimbursable Expenses..... | 19 |
| 2.8.5 | Non-Reimbursable Expenses..... | 21 |
| Policy 2-9 | ALCOHOL PURCHASE..... | 21 |
| 2.9.1 | Purpose and Application..... | 21 |
| 2.9.2 | Purchase of Alcohol while in Travel Status..... | 22 |
| 2.9.3 | Quantity of Alcohol Purchased..... | 22 |
| 2.9.4 | Procurement and Accounting..... | 22 |
| 2.9.5 | Required Approvals..... | 22 |
| 2-10 | OUT-OF-POCKET REIMBURSEMENTS..... | 22 |
| 2.10.1 | Receipt Thresholds..... | 22 |
| Policy 3-1 | UNIVERSITY CONTRACTS..... | 23 |
| 3.1 | CATEGORIES..... | 23 |
| 3.1.1 | Expenditure Contracts..... | 23 |
| 3.1.2 | Revenue Contracts..... | 23 |
| 3.1.3 | Other Contract Types..... | 24 |
| 3.2 | POLICY..... | 24 |
| 3.3 | CONTENT OF UNIVERSITY CONTRACTS..... | 24 |
| 3.3.1 | Expenditure Contracts, Debt Contracts, and Price Agreements..... | 24 |
| 3.3.2 | Content for other Contract Types..... | 25 |
| 3.3.3 | Provisions for All Contract Types..... | 26 |
| 3.4 | APPROVED UNIVERSITY CONTRACT FORMS..... | 26 |
| 3.4.1 | Capital Construction Contracts..... | 26 |
| 3.4.2 | Model Contracts..... | 26 |
| 3.4.3 | Contract Amendments..... | 26 |
| 3.4.4 | Real Property Lease Agreements..... | 27 |
| 3.4.5 | Special Provisions..... | 27 |
| 3.4.6 | Waived Contracts..... | 27 |
| 3.4.7 | Other contract forms..... | 27 |
| 3.5 | UNIVERSITY CONTRACT APPROVALS..... | 27 |
| 3.6 | UNIVERSITY CONTRACT LEGAL REVIEW..... | 28 |
| 3.7 | BUSINESS OPERATIONS REVIEW AND APPROVAL..... | 29 |

| | | |
|--|--|----|
| 3.8 | ENCUMBRANCES | 29 |
| 3.9 | MONITORING OF STATE CONTRACTS | 29 |
| 3.10 | INDEPENDENT CONTRACTOR RELATIONSHIP | 30 |
| 3.11 | EXCEPTIONS | 30 |
| 3.12 | SPECIAL PROVISIONS..... | 30 |
| CHAPTER 4: CAPITAL CONSTRUCTION..... | | 31 |
| Policy 4-1 CAPITAL CONSTRUCTION ADMINISTRATION | | 31 |
| 4.1.1 | Thresholds for Contracts versus Purchase Orders | 31 |
| 4.1.2 | Modifications to Thresholds..... | 31 |
| Policy 4-2 STATE CAPITAL CONSTRUCTION PROJECTS | | 31 |
| 4.2.1 | The State Capital Construction Fund | 31 |
| 4.2.2 | State Capital Construction Project Retainage..... | 32 |
| CHAPTER 5: TRAVEL | | 33 |
| 5.1 | POLICY | 33 |
| 5.1.1 | Reimbursement | 33 |
| 5.1.2 | Traveler's Responsibilities..... | 33 |
| 5.1.3 | Approving Authority's Responsibilities | 34 |
| 5.2 | TRAVEL AUTHORIZATION | 34 |
| 5.2.1 | Travel Authorization When Charged to Federal Sponsored Research..... | 34 |
| 5.3 | TRAVEL ADVANCE | 34 |
| 5.3.1 | Eligibility..... | 34 |
| 5.3.2 | Amount of Advance | 35 |
| 5.3.3 | Approval | 35 |
| 5.3.4 | Settlement of Advance | 35 |
| 5.4 | ALLOWABLE EXPENSES WHILE IN TRAVEL STATUS..... | 35 |
| 5.4.1 | Lodging..... | 35 |
| 5.4.2 | Meals and Incidental Expenses | 35 |
| 5.4.3 | Transportation | 36 |
| 5.4.4 | Gratuities/Tips | 39 |
| 5.4.5 | Other Allowable Expenses While In Travel Status..... | 39 |
| 5.4.6 | Non-Business Days..... | 39 |
| 5.4.7 | Summary of Allowable Expenses While In Travel Status | 40 |
| 5.4.8 | Appropriate Source of Funds | 40 |
| 5.5 | UNALLOWABLE TRAVEL EXPENSES WHILE IN TRAVEL STATUS | 40 |
| 5.6 | CERTIFICATION AND APPROVAL..... | 41 |
| 5.6.1 | Approval | 41 |
| 5.7.1 | Timing..... | 41 |

| | | |
|-----------------------------------|--|----|
| 5.7.2 | Unsubstantiated <i>Reimbursements</i> | 41 |
| 5.7.3 | Receipts..... | 41 |
| 5.8 | PAYMENT OF TRAVEL EXPENSES | 42 |
| 5.8.1 | Electronic Reimbursement | 42 |
| 5.8.2 | Corporate Liability Cards..... | 42 |
| 5.9 | SPECIAL SITUATIONS..... | 42 |
| 5.9.1 | Travel Type Charges When Not in Travel Status | 42 |
| 5.9.2 | Travel to a Temporary Work Location..... | 42 |
| 5.9.3 | Non-employee Travel..... | 43 |
| 5.9.4 | Allowances for Travel Not Solely for Official University Business..... | 43 |
| 5.9.6 | Allowances for Travel with Spouse, Relatives, or Friends | 43 |
| 5.9.7 | Staying with Friends/Family | 44 |
| 5.9.8 | Allowances for Travel by the Board of Trustees | 44 |
| CHAPTER 6: CASH | | 45 |
| 6.1 | OVERVIEW | 45 |
| 6.2 | CASH SECURITY | 45 |
| 6.3 | FUNDS TO BE DEPOSITED | 45 |
| 6.3.1 | Supporting Documentation..... | 45 |
| 6.3.2 | Deposit of Non-University Funds | 45 |
| 6.4 | AUTHORIZATION AND USE OF CHANGE FUND AND PETTY CASH FUNDS | 46 |
| 6.4.1 | Creation, Approval, and Cancelation | 46 |
| 6.4.2 | Custodians | 46 |
| 6.4.3 | Appropriate Use of Change Funds..... | 46 |
| 6.4.4 | Appropriate use of Petty Cash Funds | 47 |
| 6.5 | PETTY CASH AND CHANGE FUND PROCEDURES | 47 |
| 6.6 | THEFT OF CHANGE FUND | 47 |
| 6.7 | CREDIT CARDS | 48 |
| CHAPTER 7: DEFICIT SPENDING | | 49 |
| | Policy 7-1 DEFICIT SPENDING..... | 49 |
| CHAPTER 8: REPORTING..... | | 50 |
| | Policy 8-1 FINANCIAL STATEMENTS | 50 |
| | Policy 8-2 PERIODIC FINANCIAL REPORTING..... | 50 |
| | Policy 8-3 COST ALLOCATION PLANS..... | 50 |
| CHAPTER 9: PAYROLL | | 52 |
| | Policy 9-1 DIRECT DEPOSIT | 52 |
| | Policy 9-2 OVERPAYMENTS TO EMPLOYEES | 52 |
| | Policy 9-3 FINAL PAY FOR A TERMINATING EMPLOYEE | 52 |

Policy 9-4 PROPER TIMESHEET REPORTING 52
APPENDIX A - DEFINITIONS..... 54
APPENDIX B – PURCHASE ORDER TERMS AND CONDITIONS 58
APPENDIX C – CONTRACTS SPECIAL PROVISIONS 63
APPENDIX D - EXAMPLES OF SENSITIVE EXPENDITURES..... 66