

## Policy 3-010: Expenditure of University Funds & Personal Reimbursements

Revision 0. Effective date: November 19, 2014

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### I. Purpose and Scope

#### A. Purpose.

This policy defines standards and requirements relating to the expenditure of University funds, including disbursements for business expense reimbursements.

#### B. Scope.

This policy is binding for all University colleges, departments, and units, including University Hospitals & Clinics. This policy does not govern expenditures or personal reimbursements related to University Travel.

## II. Definitions

The following definitions apply for the limited purposes of this policy and any associated regulations.

- A. Business Expense Reimbursement – payment to an individual as reimbursement for business related expenses incurred on behalf of the University. Individuals include faculty, staff, students, volunteers, or others. Payroll transactions or payments for services are not considered to be “business expense reimbursements” as contemplated by this policy. Reimbursements are subject to all requirements of expenditures, and may be subject to additional requirements.
- B. Expenditure – Payments or other disbursement transactions for goods and services using University funds.
- C. University Funds - Funds administered or held by the University, including monies allocated by legislative appropriation, departmental operating funds, clinical income, gifts and any other funds for which the University is accountable, including monies from federal contracts and grants.

## III. Policy

### A. General Expenditure Concepts & Requirements

As a public institution, the University is committed to transparency in the use of funds entrusted to it, and is accountable to numerous constituents for the appropriate and prudent use of funds from various sources. This policy cannot anticipate every situation that might give rise to legitimate business expenses; so in some cases, reasonable and necessary expenses incurred may require additional documentation, explanation, or a higher level of authorization. In the event an expense is not specifically covered by this policy, or its associated Regulations, employees are to comply with the intent of the Regulations.

1. University expenditures must be reasonable in amount, necessary to a legitimate business purpose, appropriate for the circumstances, allowable to

the funding source, and when using contracts and grants, allowable to the sponsored project.

- a. Reasonable – an expenditure is considered reasonable if the nature of the goods or services required and the amount involved reflect the actions of a prudent person under the circumstances.
  - b. Business Related – an expenditure is considered business related if
    - i. it reflects an ordinary and necessary transaction incurred to conduct University business;
    - ii. the underlying activity is able to bear scrutiny that it is being made to further the mission of the institution, i.e. that it is necessary to carry out the objectives of instruction, research, public/patient service – or supporting administrative functions surrounding these objectives; and
    - iii. a public purpose is served in expending University funds for such goods or services.
  - c. Appropriate – an expenditure is considered appropriate if
    - i. its purpose supports the mission of the University, and
    - ii. reimbursement for or direct payment of the expenditure is not otherwise prohibited by any University policy.
2. Departmental, college and unit leadership bear primary responsibility to ensure procurement methods are appropriate, expenditures are prudent, and that individuals within their area use common sense and good business judgment in determining the propriety of all expenditures. This includes ensuring that transactions are consistent with:
- a. the concepts described herein;
  - b. other established University Regulations (see Section V. below);
  - c. any applicable laws and government regulations; and

d. sponsor or donor restrictions

Generally, preferred procurement methods will produce the most efficient, effective, and least costly expenditure outlay to the University. Such preferred procurement methods help the University maximize the cost benefit of negotiated contracts, realize institutional efficiencies in payment methods, and avoid unnecessary payment of sales tax. Examples include the P-Card, the Purchase Order, the Limited Purchase Order, and the direct Payment Request to an outside party; but these tools may change over time.

3. Expenditures that are solely for personal benefit or for purposes other than those that benefit the University are prohibited.
4. Prior to processing payment, expenditures and reimbursements must be adequately documented and approved by an authorized University employee. Standards and requirements for adequate documentation and authorized approvals will be defined by offices reporting to the Chief Administrative Officer and are published as the “Expenditure and Reimbursement Requirements,” hereafter referred to as “Requirements” (see Section IV.A.1.)
  - a. Requirements may, from time to time, change to improve controls and better comply with environmental conditions or regulatory mandates.
  - b. Requirements are designed to encourage consistency and best practices for University expenditure behavior.
  - c. Expenditure or reimbursement payments may be refused if in violation of this policy or if deemed to not meet Requirements.
  - d. Departments are allowed to develop more restrictive guidance exceeding published Requirements to strengthen internal controls, if desired.

In unusual circumstances, additional payment or reimbursement justification or documentation that exceeds published Requirements may be necessary.

## B. Reimbursements

1. The University discourages use of individuals' personal funds as a procurement method, and such funds should be used only when other, more efficient or less costly procurement methods are unavailable at time of purchase. Even though use of personal funds with the expectation of subsequent reimbursement from the University is NOT a preferred procurement method, it is not prohibited by this Policy and may be necessary in certain situations, based on the facts and circumstances surrounding the purchase event.
2. Requests for reimbursement should be made on a timely basis, generally within 60 days of purchase.
3. The University is exempt from Utah sales tax when purchases are made directly with University funds. Normally, such methods of procurement are deemed more efficient or a better use of University resources than processing a reimbursement request, especially where a favorable contract could have otherwise been used and sales tax avoided. For this reason, when reimbursement requests are made, additional approval from the director or department chair may be required.
4. Individuals purchasing on behalf of the University are advised that they are prohibited by Utah State law from using the University's Sales Tax Exemption certificate when using their own personal funds.
5. Reimbursements less than the established minimum, according to Requirements (Rule 3-010A), should be paid through a departmental petty cash fund, if available.
6. Prior to reimbursement, the approval of the director or department chair is required for reimbursements in excess of the established maximum, according to Requirements (Rule 3-010A).

7. Reimbursements for goods and/or services are subject to Purchasing policies, where applicable.

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*Sections IV- VII are for user information and are not subject to the approval of the Academic Senate or the Board of Trustees. The Institutional Policy Committee, the Policy Owner, or the Policy Officer may update these sections at any time.*

#### **IV. Policies/ Rules, Procedures, Guidelines, Forms and other Related Resources**

##### A. Policies/ Rules.

1. R3-010A: Expenditure & Reimbursement Requirements

##### B. Procedures, Guidelines, and Forms.

1. P3-010A: Wire Transfer Procedures
2. G3-010A: Payments to Human Research Participants

##### C. Other Related Resources.

1. Payment Request – for submission to Accounts Payable
2. Sales Tax Exemption Certificate
3. Supplier Directory
4. General Guideline: Use of University Funds

#### **V. References**

- A. Policy 3-003: Approvals Required for Financial Transactions
- B. Policy 3-011: Petty Cash Funds
- C. Policy 3-018: Internal Controls
- D. Policy 3-030: Travel Policy
- E. Policy 3-031: Recruitment and Entertainment Expense Reimbursement Policy

- F. IRS Regulations
- G. Policy 3-100: University Procurement
- H. R3-100C: Requisition Use
- I. Rule R3-100D: Delegations and Small Purchases
- J. R3-100E: Restricted Purchases and Special Procurement

## **VI. Contacts**

The designated contact officials for this regulation are

- A. Policy Owner(s) (primary contact person for questions and advice): Associate Vice President for Financial and Business Services
- B. Policy Officer(s): Vice President for Administrative Services

See Rule 1-001 for information about the roles and authority of policy owners and policy officers.

## **VII. History**

- A. Current version. Revision 0
  - 1. Editorial Revisions
    - a. Editorially revised August 26, 2022 to move to current template.
    - b. Editorially revised June 30, 2016 to update report to Section III.A.4
- B. Earlier versions.
- C. Renumbering
  - 1. Not applicable