IUP Operational Guidelines For
PENNSYLVANIA STATE SYSTEM OF HIGHER EDUCATION
EXPENDITURES OF PUBLIC FUNDS
GUIDELINES, STANDARDS, AND LIMITS
FINAL – June 21, 2011
Approved by President and President's Cabinet – June 21, 2011

As directed by PASSHE Board of Governors Policy 2010-01-A, *Expenditures of Public Funds*, the Chancellor establishes the following guidelines, standards, and limits on the expenditure of public funds for the universities and the Office of the Chancellor, effective September 1, 2010.

Although intended to be comprehensive, every circumstance cannot be anticipated within this document. When deciding whether it is appropriate to pay an expenditure not specifically addressed, PASSHE leadership must consider the spirit of this document and ensure that every expenditure is an appropriate use of public funds, directly for the advancement of the university's and/or PASSHE's mission. Even when authority is delegated, the university president is accountable and responsible for all university expenditures.

All references to "university" or "universities" in this document apply to the 14 PASSHE universities, all branch campuses, and the Office of the Chancellor. All expenditures are subject to normal approval processes and budgetary constraints.

A. Definition of Public Funds

All monies received by a PASSHE university or the Office of the Chancellor are public funds, including, but not limited to state appropriations; tuition, room, board, and other student fees; restricted and unrestricted gifts; restricted and unrestricted grants; ticket sales from athletic, cultural, or other events; revenue from athletic camps and conferences; corporate sponsorships; and investment income.

B. Appropriate Use of Public Funds

The overarching principle in the spending of university funds is that all expenditures must clearly and directly benefit the university in support of its purpose to provide education at the lowest possible cost to the students. Expenditures of public funds may not inure to the private benefit of one or more individuals unless authorized by law and:

1) such individual receives that benefit as part of an employment benefit offered to all similarly situated individuals; or
2) such individual is a student who receives a benefit based upon broad based non-discriminatory criteria that are publically disseminated; or
3) such individual is a member of the public or university community and the benefit is minimal in nature as described in L.3, L.4, L.5, and M in this document and related to functions or promotion of the university.

C. Reimbursement vs. Direct Purchase

This document applies to all expenditures, whether purchased directly by the university or reimbursed to an employee.

D. Documentation

All activity must be appropriately documented to the university accounting office. All receipts must be itemized, clearly indicating the items purchased; e.g., a credit card receipt showing only

the total is not acceptable. Request for reimbursement of the actual cost for meals must state business purpose and names of attendees. Receipts for meals for business meetings must show the number of diners, meals that were purchased, location (e.g., city/state), date, and whether or not alcohol was purchased. Payment or reimbursement cannot be made without an itemized receipt. Under no circumstances will reimbursement be made for alcohol. (See Board of Governors Policy 1986-07-A *Travel Expense Regulations*, for separate regulations on receipts required when employees are in official travel status.)

E. Transfer of University Funds to Affiliates and Other Entities Prohibited

University funds may not be transferred to any outside organization, including affiliates such as foundations and student organizations, except under fiduciary arrangements for certain restricted funds as provided for in Board of Governors Policy 1986-02-A, *Investments*, or as provided for below.

1. Affiliates may receive reasonable compensation when they provide a service to the universities. The procurement of such services must be in accordance with PASSHE's standard bid process and all applicable laws of the Commonwealth.

2. If a university conducts an event such as an athletic camp, the associated revenue may not be transferred to a foundation or other affiliate. If, however, the affiliate manages the administration of the athletic camp or other event, assumes the associated liabilities, and pays all associated expenses, the affiliate would be entitled to collect and retain the associated revenue.

3. If a university receives a grant specifying it as the grantee, no portion of the grant may be transferred to a foundation or other affiliate. If grant provisions permit, however, the university may subcontract with an affiliate and may reasonably compensate the affiliate for services provided. The procurement of such services must be in accordance with PASSHE's standard bid process, and all applicable laws of the Commonwealth.

4. If a university receives a gift directly specifying it as the recipient, the gift may not be deposited by or transferred to a foundation or other affiliate, except under fiduciary arrangements for certain restricted funds as provided for in Board of Governors Policy 1986-02-A, *Investments*.

F. Restricted and Unrestricted Funds

Both restricted and unrestricted gifts and restricted and unrestricted grants are subject to this document; however, if a university receives restricted funds, the donor's or grantor's specifically stated provisions may override applicable policy restrictions of this document. For example, if the provisions of a private grant specify that the grant funds are to be used to provide entertainment to employees, only the grant funds (and associated interest, when specified) may be used to incur such expenses.

1. University funds are restricted only when restricted by the provider of the funds; that is, they are restricted only when an outside entity, such as a government, grantor, or donor, restricts the use of the funds for a specific purpose.

2. Neither the Board of Governors, Councils of Trustees, university presidents, Office of the Chancellor employees, nor any other employee, can cause university funds to be restricted in an effort to circumvent the guidelines, standards, and limits in this document.

3. If a grantor or donor specifies that expenditures of the grant or gift are to be purchased from a particular vendor, the legality and appropriateness of such a procurement must be approved by University Legal Counsel and, if approved, the appropriate contract must be used to procure the goods or services.

G. Designated, Self-Supporting Revenue Streams

Certain university activities, such as student travel abroad programs and athletic camps and conferences, charge fees to participants that fully cover the costs of the activity.

1. If the fees paid by the individual participants fully cover the associated costs and are specifically intended to purchase food, clothing, equipment, or any other item on behalf of the participant, such items may be purchased, with the exception of alcohol, even if otherwise prohibited in this document, as long as the procurement complies with PASSHE's standard competitive bid process and all applicable laws of the Commonwealth.

2. The revenue from a self-supporting activity may not be used on behalf of employees to make purchases that are otherwise prohibited in this document, unless clearly and directly a necessary part of the activity and directly related to the participants. For example, if an athletic camp provides for participants to wear the same style sweatshirt, a sweatshirt also can be purchased for the coach who leads the camp; however, the revenue could not be used by the coach to pay for a golf outing with other coaches, unless the golf outing was included in the participant's fee and included all of the participants.

H. PASSHE's Separate Entities

For purposes of this document, specifically with regard to food purchases, each of the universities, each university's Council of Trustees, the Office of the Chancellor, and the Board of Governors are separate PASSHE entities. The branch campuses are not separate entities, but are considered part of their respective university entity. The Dixon University Center is part of the Office of the Chancellor entity.

I. Volunteers

Board of Governors Policy 1991-04-A, *Volunteerism*, provides for an appropriate appointing authority (Board of Governors, chancellor, or president) to authorize an individual to serve as a volunteer and further provides that the appointing authority may delegate this authority.

1. Board of Governors Policy 1984-14-A, *Terms and Conditions of Employment of Senior Policy Executives*, states that "Spouses or partners of presidents will be invited by the chancellor to accept appointment as volunteers in service to the State System of Higher Education under the terms of Board of Governors Policy 1991-04-A, *Volunteerism*." If a spouse accepts a written appointment as a volunteer, his/her attendance at official university functions or university business meetings may be considered to be in the capacity as a volunteer. For example, if a president's spouse or partner accompanies the president for a dinner meeting at which university business is conducted, or travels with the president to a business conference for the purpose of conducting specific volunteer activities on behalf of the university, the spouse or partner may be reimbursed for actual business expenses incurred in the conduct of official service as a volunteer in accordance with Policy 1991-04-A.

2. Requests for reimbursement of the expenses incurred by volunteers, including spouses or partners of presidents, must be verified by the volunteer, must clearly state the business purpose, and must be in accordance with Board of Governors Policy 1986-07-A, *Travel Expense Regulations*.

J. Alcohol

The purchase or reimbursement of alcohol, under all circumstances, is prohibited, with one exception: alcohol may be purchased when it is a necessary and integral part of the curriculum of an established academic program, such as the culinary program at Indiana University of Pennsylvania.

K. Expenditures for Food

With regard to expenditures for food, the following applies irrespective of whether the food is purchased by an employee at a restaurant, served on campus by a caterer or other provider, or purchased by employees or others and brought to campus. As with all expenditures of public funds, universities are expected to use prudence in determining the appropriateness of purchasing food with public funds.

1. **Official University Functions.** When part of an official university ceremony or public event, such as commencement or ribbon cuttings, or part of a university-wide event that includes students, such as a "welcome back" for the first day of classes, a modest expenditure for refreshments for attendees is permitted.

IUP Operational Guidelines:

In addition to the events identified above, "Official University Functions" include events sponsored by individual departments when promoted to the entire University Community and/or the public. Also included are general recruiting events promoting the University to specific groups of prospective students or the prospective student population taken as a whole. Participation by the President is not required.

2. **Business Meetings with External Parties.**
   a. The purchase of meals or refreshments for university or PASSHE business meetings is permitted only when the meeting includes:
      i. employees from more than one PASSHE entity (see section H) who are necessary for the business purpose of the meeting; or
      ii. participants who are not PASSHE employees who are necessary for the business purpose of the meeting.
   b. Expenditures for breakfast, lunch, and/or dinner in conjunction with a business meeting may be incurred only when the meal is an integral part of the meeting. For purposes of this policy, integral is defined as the agenda of the meeting clearly indicates that work is conducted during the meal and evidence of the outcomes of such work is provided. (See Board of Governors Policy 1986-07-A, *Travel Expense Regulations*, for separate regulations on reimbursement to employees in travel status.)
   c. Per Internal Revenue Service (IRS) regulations, the time, date, place, business purpose, and attendees at business meals must be documented.

IUP Operational Guidelines:

Business meetings with external parties will include meetings with individual prospective students for recruitment purposes. Such meetings must meet all criteria under K.2. of the Directive.

This section does not include recruiting events targeting prospective students in general or specific groups of students. See Section K.1. "Official University Functions" for general recruiting events.

3. **Evening Receptions.**
   a. The purchase of meals or refreshments for evening receptions, such as welcome receptions or receptions following business meetings, is permitted only when:
      i. the reception includes students and/or their parents; or
      ii. the reception is to honor a special guest who is not an employee of the university; or
      iii. the reception is to honor the evening's speaker or performer; or,
      iv. in the case of a reception following a university or PASSHE business meeting of employees, the event includes employees from more than one PASSHE entity who are necessary for the business purpose of the event and/or participants who are not PASSHE employees who are necessary for the business purpose of the event.
   b. Per IRS regulations, the time, date, place, business purpose, and attendees at such events must be documented.

   IUP Operational Guidelines:
   The criteria of Section K.3. is expanded to be applicable to receptions occurring at any time.

4. **Staff Retreats, Workshops, and Training.** In conjunction with an associated written university policy that requires written supervisory approval, as well as secondary approval of the respective vice president, dean, or vice chancellor, universities may use public funds to purchase lunch and/or refreshments for staff retreats, workshops, and training when the retreat, workshop, or training spans at least five hours, and when it would be disruptive to the success of the event if employees disbursed for lunch or breaks.

   IUP Operational Guidelines:
   Employees will obtain written approval from their supervisor (or other appropriately positioned individual) and their respective Vice-president or Dean before using public funds to purchase lunch or refreshments for staff retreats, workshops or training events. Such approval must accompany a properly completed Food/Refreshment Request form along with an event agenda evidencing the event is scheduled to span at least five (5) hours and that participants disbursing for lunch or breaks would be disruptive to the success of the event.

5. **Overtime and Extraordinary Circumstances.** With the approval of an authorized officer, supervisors may authorize meals to be purchased for employees when extraordinary circumstances require employees to work through their normal lunch period or require the employees to work more than ten hours in a single day. Examples of extraordinary circumstances include nonrecurring urgent deadlines, overnight snow removal by facilities staff, and university emergencies or catastrophes. The names of employees to whom meals were provided and the justification for the purchase must be documented.

6. **Meetings and Other Events with Students.** All universities shall have a written policy that ensures that all students are treated consistently. Once a policy is implemented:
   a. A faculty member may be reimbursed for meals or refreshments provided to students in the conduct of carrying out an official university academic program or service in which the student participates only when such expenditures are necessary for and integral to the academic program. Reimbursement may be made to or on behalf of other employees or attendees only when their presence is legitimately required to achieve the academic purpose of the event. The names of students, employees, and others to whom meals or refreshments were provided and the justification for the purchase must be documented on the request for payment or reimbursement.

b. An employee or official volunteer may be reimbursed for the expense of attending a formal dinner or official event honoring students when the employee's position justifies his/her attendance at the event and the employee is serving as an official representative of the university. The justification for attendance must be documented on the request for reimbursement.
c. When serving as an official representative of the university, an employee may be reimbursed for the associated travel expenses (in accordance with Board of Governors Policy 1986-07-A, *Travel Expense Regulations*) of attending a student's funeral or visiting a student in the hospital.

IUP Operational Guidelines:
Meetings and other events with students must treat all students consistently. Meetings and other events with students must be with or for a broad spectrum of the University's student body and open to participation by all students. Meetings and other events with students must be an integral component of an academic, residential life, cultural, or similar program. Student recruitment activities are not included as part of Section K.6. "Meetings and Other Events with Students"; but are covered under Section K.1. "Official University Functions" or Section K.2. "Business Meetings with External Parties". Meals or refreshments not integral to an academic program that are provided to students, such as end-of-semester celebrations or other parties, will not be reimbursed or paid in advance.

7. **Holiday Receptions and Employee Picnics.** Universities may use public funds to provide light refreshments for official university holiday receptions, employee picnics, and other university-wide employee events when the events are open to all employees and/or students and/or members of the public. Universities may not use public funds to pay for departmental or divisional parties, picnics, or similar events.

8. **Employee Recognition Events.** Universities may use public funds to provide light refreshments for events that recognize an employee's retirement, years of service milestones, or superior achievement when:
   a. the event is in accordance with a written university policy that ensures that all employees are treated consistently for such events;
   b. the event is open to the employee's department or division or to the entire campus or the public; and,
   c. the dollar amount of the expenditure is modest, prudent, and appropriate to the significance of the event.

   IUP Operational Guidelines:
   All employees of the University will be treated consistently in regards to employee recognition events; such as retirement receptions, years of service milestones, or superior achievement. All other criteria as specified in K.8. Of the Directive must be met. Determination of employees' availability to attend specific events may be made by the respective Manager based on the operational needs of the University.

9. **Internal Business Meetings and Staff Meetings.** Universities may not use public funds to purchase meals or refreshments for staff meetings or other internal business meetings, even when the meeting extends over the lunch hour, except under the circumstances noted in sections K.2, K.4, and K.5.
10. **Personal Employee Events.** Universities may not use public funds to provide meals or refreshments for events of a personal nature, such as bridal showers, births, birthdays, etc.

11. **Food and Kitchen Supplies in the Office.** Universities may not use public funds to supply employees' offices or employee kitchens with coffee, bottled water (unless potable water is unavailable), soda, snacks, other refreshments, or disposable kitchen supplies (plastic utensils, napkins, etc.) unless expressly for the purpose of greeting students, parents, or outside visitors. (Faculty and staff from other PASSHE entities who are attending meetings at locations other than their primary institution or the Office of the Chancellor, members of Councils of Trustees, and members of the Board of Governors are considered outside visitors for purposes of this document.)

12. **Kitchen Appliances.** Universities may use public funds to purchase refrigerators, microwaves, or other kitchen appliances only when placed in a central employee dining area that is accessible to all employees.

L. Gifts and Awards

1. **Floral Tributes.** Only the university president (or the chancellor for the Office of the Chancellor) or his/her designee(s) may use public funds to purchase floral tributes to be sent on behalf of the university to an employee or his/her family upon the death of an employee or a member of the employee's immediate family. Similar tributes may be purchased for members of Councils of Trustees, Board of Governors, or friends of the university or PASSHE (such as donors) or their immediate families. No other floral purchases are permitted except as provided for in section R.

2. **Greeting Cards and Invitations to Official University Events.** Only the university president (or the chancellor for the Office of the Chancellor) or his/her designee may use public funds to purchase and send official greeting cards or invitations to official university events to students, faculty, staff, alumni, friends of the university and/or prospective students and their parents. Such designations must be in writing with justification as to the need for this authority.

   IUP Operational Guidelines:
   University Vice-presidents, Deans, Department Chairs and Fund Center Financial Managers are delegated authority to use University funds for sending **invitations** to individuals for University events. **Greeting cards are not permitted**. Personnel in these positions represent the University to the public and have legitimate reasons directly related to their responsibilities that require this authority. This authority is necessary for the University's operational staff to effectively and efficiently communicate with the student body on a wide variety of student related events promoting instructional, research and public service.

3. **Employee Awards.**
   a. Universities may use public funds to purchase honorary degree hoods and associated framed diplomas for employees who participate in university commencement ceremonies.
   b. Universities may use public funds to purchase certificate frames, plaques, university logo items, or other noncash awards of no greater than $100 to officially recognize an employee's retirement, years of service milestones, or superior achievement, only if in accordance with the university's written policy that ensures that all employees are treated consistently for such awards. Exceptions to this limit may be approved by the Chancellor upon request with appropriate documentation.
   c. Public funds may not be used to frame certificates or awards of a personal or professional nature received by employees from other universities, professional organizations, etc.

IUP Operational Guidelines:
All employees are eligible for non-cash awards recognizing the employee's retirement and/or years-of-service milestones. All such awards must be in conjunction with a formal University-wide function. Department Managers are responsible to ensure all employees are treated consistently.

All employees are eligible for non-cash awards recognizing the employee's superior achievement. Superior achievement awards are for extraordinary achievement beyond the scope of the specific employee responsibilities. Superior achievement awards must be in conjunction with a formal University wide function.

Retirement, years-of-service milestone, and superior achievement awards must comply with the limits established in Section L.3.b of the Directive and may not include cash and/or cash equivalents.

4. **Employee Gifts.** Universities may not use public funds to purchase gifts for employees to recognize events of a personal nature, such as bridal showers, births, birthdays, etc.

5. **Gifts and Awards to Students and Others.**
   a. Universities may use public funds to purchase honorary degree hoods and associated framed diplomas, as well as rental of commencement regalia, for honorees or other guests who participate in university commencement ceremonies.
   b. Universities may use public funds to purchase noncash gifts and awards of no greater than $100 to recognize outstanding service or achievement by a student, volunteer, alumnus, community member, official visitor, or other friend of the university, or as an honorarium for an unpaid speaker or performer, or as part of a gift exchange with an international college or university. Exceptions to this limit may be approved by the Chancellor upon request with appropriate documentation.
   c. Universities may use public funds to purchase gift cards with nominal value (not to exceed $25.00) to recognize student achievement.

M. Promotional Items and University Clothing

1. Universities may use public funds to purchase small-value promotional items, such as lapel pins, pens, candy, key rings, t-shirts, etc., imprinted with the university name or logo, to be given away in conjunction with the university's marketing plan.

2. Universities may not use public funds to purchase larger-value promotional items, such as clothing, engraved vases, watches, etc., to be given away as a marketing tool, except as provided for in section L.5.

3. Universities may use public funds to purchase clothing with the university logo and/or event designation for employees, students, and volunteers who are serving as official representatives of the university for student orientation events, sporting events, or other official university events.

N. Entertainment

1. Universities may use public funds to pay for theater tickets and cultural events for students and the sponsoring university employee(s) or volunteer(s) only when the events are a necessary and integral part of the curriculum of an established university academic or living-

learning program.

2. Universities may not use public funds to pay for employees to attend the theater or other amusements and social outings, or to participate in events such as golf outings, unless the event is an official university event, the event serves clearly to advance a strategic goal of the university, and the employee is attending as an official representative of the university; or as provided for in section N.1

3. Universities may not use public funds to pay for entertainment services in conjunction with a business meeting.

4. Universities may not use public funds to pay for entertainment services as part of a recognition event solely for an employee.

O. Political Organizations, Charitable Organizations, and Community Relations

1. The use of public funds to pay for a political contribution or sponsorship of any kind is prohibited.

2. Universities cannot redirect public funds to other organizations in the form of charitable contributions. Universities may, however, make expenditures to charitable organizations in exchange for a service of equal value, for example:
   a. Universities may use public funds to make payments to local non-government emergency response organizations when part of a written agreement that includes services such as safety training for employees, fire drills on campus, the purchase of specialized equipment for service to the campus, etc. The amount of the payment must be commensurate with the services received.
   b. Universities may use public funds to pay for a university advertisement in a printed program for a charitable event when the cost of the advertisement is determined by the university to provide reasonable value.
      Universities may not use public funds to sponsor all or part of a sporting (e.g., a golf tournament) or cultural event designed to support a charity.

3. Universities and the Office of the Chancellor may pay membership dues to community organizations when appropriate.
   a. Memberships in community organizations, including memberships in Rotary Clubs and similar service organizations, may not be personal in nature, but must be paid officially on behalf of the university, and may be only for those individuals for whom the membership is an integral part of their position, such as for the university president.
   b. When dues are stratified, such as in the case of a Chamber of Commerce membership, payment should be made at the minimum level.
   c. No part of the payment can include a charitable or political contribution.
   d. The use of public funds to pay dues for country club memberships or similar social organizations is prohibited.

4. Universities may not use public funds to buy tickets to community events when the ticket price exceeds the value of service provided or clearly includes a charitable donation (e.g., to purchase a table for ten for $1,000 for a dinner event).

5. Universities may use public funds to pay the expenses associated with employees serving as board members or volunteers of charitable organizations only when the employee is serving as the official representative of the university. (See Board of Governors Policy for more

information.)

P. Professional Dues and Memberships

1. Subject to supervisory and budgetary approval, public funds may be used to pay for employee professional memberships only when the professional organization bears a direct relationship and benefit to the employee's current position duties, and/or the membership offsets the cost of a professional conference that the employee is attending.

2. Subject to supervisory and budgetary approval, public funds may be used to pay for an employee's annual professional license only when the professional organization bears a direct relationship to the employee's current position duties.

Q. Cell Phones, Laptops, and Other Individualized Equipment

Equipment such as cell phones, smart phones, Personalized Digital Devices (PDAs), laptops, etc., usually are issued to individual employees for their specific use; however, all such devices remain the property of the university or Office of the Chancellor, and employees' use of the devices must be in accordance with both Board of Governors Policy 2009-02, *Acceptable Use of Technology,* and the university's written policy(ies) governing the devices.

R. Floral and Other Decorations

1. Universities may use public funds to purchase decorative floral arrangements only when part of a formal, official, university or PASSHE ceremony or public event such as commencement, groundbreakings, etc., or as provided in section L.1.

   IUP Operational Guidelines:
   Floral arrangements include both natural (e.g. cut, potted, dried, or otherwise preserved) and man-made (silk, plastic, etc.) arrangements. Whenever possible floral and other decorations purchased under Section R should be retained by the University for use at future appropriate events.

2. Universities may not use public funds to purchase decorative accessories, iPods or similar devices for personal use, artwork, plants, expensive and/or personalized office supplies (such as a fountain pen), and other personalized office décor for employees' offices. However, name plates on the outside of offices are permitted expenditures.

S. Expenditures on Behalf of Student Associations

1. Universities may not use public funds to augment student government associations, e.g., to provide financial support for a student government association's field trip or other activity, unless the activity is part of an official university academic or student support program.

2. Universities may not use public funds to purchase clothing, makeup, jewelry, and similar personal items for students in conjunction with their participation in activities such as homecoming. Any necessary expenditure for these items must be purchased by the student association.

T. Personal Expenses

1. With regard to presidential residences, all furniture, furnishings, supplies, etc., purchased with university funds are the property of the university. Universities may not use public funds:
   a. to clean the nonpublic areas of presidential residences;

b. to provide chauffeur, cooking, or other services to presidents or members of their family;
c. to purchase bedroom and bath linens and supplies, personal furnishings, decorations, artwork, and other items that are used in the nonpublic areas of the residence;
d. to purchase food, table linens, and kitchen supplies used personally by the president and his/her family;
e. to install personally owned fixtures such as lighting, artwork, etc.;
f. to install fencing or other accommodations for pets;
g. for excessive expenditures for holiday decorations in the public areas of the residence;
h. for any other personal expense of the president, except as provided for in the president's employment contract.

2. Universities may not use public funds to purchase items for employees that by their nature are personal or which would not or cannot be returned by the employee to the organization, such as newspapers or magazines for personal use, prescription and nonprescription drugs, grooming supplies, toiletries, portfolios, briefcases, monogrammed or personalized office supplies, etc.

U. University Property

All items purchased with public funds, including cell phones, PDAs, laptops, office furnishings, etc., are the property of the university and/or PASSHE and must be returned to the university upon termination of employment or at the request of the university.

V. Exceptions

Exceptions to this document must be recommended in writing to the president (or chancellor for the Office of the Chancellor) by the applicable university vice president or dean (or vice chancellor for the Office of the Chancellor) and subsequently approved by the president (or chancellor).