

ADMINISTRATIVE PRACTICE LETTER

SUBJECT: USE OF UNIVERSITY FUNDS

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I. SCOPE

This APL addresses the use of University funds which are considered to be all funds held by the University from all sources, except Agency Funds which are funds held for others (e.g., Student Activity or Senior College funds that are recorded in Fund 50). All sources include Educational and General (E&G), Auxiliary, Designated, Grant and Contract, Gift, and miscellaneous other revenues like rebates or vending machine commissions. For a more detailed definition of different funding sources, see Section VII. For requirements related to travel see Administrative Practice Letter (APL) IV-B "Travel and Expense Procedures".

II. PURPOSE

As a public institution, the University is entrusted with funds from various sources. All University employees have a fiduciary responsibility to ensure that University funds are expended for business purposes that support and advance the University's mission of teaching, research, and public service. As custodians of University funds, individuals responsible for making expenditure decisions must ensure the proposed use of funds is for valid business purposes. Employees are also responsible for ensuring expenditures are supported by appropriate documentation including a clear description of the business purpose where it is not obvious.

This APL addresses the appropriateness of certain expenditures and applies regardless of the method of purchase or payment (e.g., purchasing card, purchase order, check request, petty cash, travel voucher). The examples address many of the more common questions that arise but are not meant to cover all circumstances.

In addition to these guidelines, the United States Office of Management and Budget establishes allowable cost requirements which must be adhered to for all federal grant and contract expenditures. These federal requirements are summarized in the University of Maine System APL VIII-C. "Direct Charging of Expenses".

Prudent judgment should be used when expending any University funds; however, particular care should be exercised for certain expenditures that inherently lend themselves to abuse or question. Thoughtful consideration when expending University resources will help to ensure funds are used appropriately and that the trust of our constituents is maintained. Employees are expected to use good judgment following both the letter and spirit of this APL. If the appropriateness of an expenditure or funding source is unclear, the system or campus chief financial officer or designee will make the final determination.

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III. AUTHORIZED EXPENDITURES

University funds may be expended for business purposes that support and advance the University's mission of teaching, research, and public service. Supplementing this general guidance, expenditures are authorized as defined below for the following specific areas.

a. Organized Events Consistent with Mission

As part of accomplishing its mission, the University recognizes the significance of its role in community outreach; fostering an environment that attracts, retains, or recognizes students; demonstrating appreciation for employees; and cultivating its donor relationships. Consistent with these goals, University funds may be used at the discretion of the Chancellor, President, or other senior level officer to host organized events. Good judgment should be applied when determining the appropriateness, frequency, and cost of these functions. As with the use of any University funds, the costs for these functions should be deemed reasonable by a responsible person. Employees who authorize related expenditures shall adhere to the spirit and intent of this APL.

1. Employee Recognition

Reasonable expenditures related to annual campus-wide employee recognition ceremonies acknowledging milestone years of service and/or retirements are allowable. Such events must be based on each University's plan for recognizing employees and/or retirees. Such events may include expenditures for food, beverages, flowers, and small tokens of appreciation, and a gift for retirees.

b. Expenditures on Behalf of and Reimbursed by an External Entity

The University often hosts conferences or events for external entities, incurs related expenditures, bills and is reimbursed for those costs. Under these circumstances, expenditures of University funds are not subject to the restrictions imposed in this APL. All expenditures and reimbursements should be accounted for by event with supporting documentation clearly identifying the event to substantiate why otherwise unallowable costs (e.g., alcohol, extravagant meals) are appropriate.

With respect to restricted sources such expenditures may only be permitted when specifically stated or otherwise clearly allowable based on donor or sponsor intent.

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Programs with Multiple Purposes

Programs often have multiple purposes which present unique challenges. For example, Senior College or similar programs for seniors, allow the University to serve a teaching and public service role while also providing an opportunity for the University to establish relationships with potential donors. Fees are charged with the revenues dedicated to the program. Many of these programs operate with volunteer labor and donated space, and seniors often desire to express thanks with tokens of appreciation. To identify that the funds are held for others and therefore exempt from this APL, an agency fund (fund 50), should be established to record such program revenues and expenditures provided the ownership of funds resides with the external party.

IV. PROHIBITED EXPENDITURES

University funds may not be used for the following:

a. Personal Use

University funds may not be used for personal purchases of any kind, regardless of the intent to reimburse the University. Personal purchases made with University funds will be subject to the disciplinary actions identified below in Section VI. As stated in University employee handbooks, the University's name, facilities, equipment, stationery, supplies, personnel and other resources are to be used only for the furtherance of the University's mission. An employee shall not make unauthorized use of any University resources, including the services of University employees, for the personal benefit of the employee.

b. Social or Recreational Expenditures

University funds may not be used for any non-programmatic employee social or recreational function, where no business is conducted or no business objective is present. At no time should University funds pay for holiday or other celebrations for staff. Rather, such celebrations should be funded by employee collections or by other appropriate means.

c. Donations for Political Purposes

Any expenditure for political purposes is strictly prohibited.

d. Lobbyists

No expenditure may be made to retain any person, other than UMS staff, that is required to register as a lobbyist as defined under [Maine Revised Statute Title 3, section 312-A, subsection 10](#).

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V. EXPENDITURES REQUIRING CAREFUL CONSIDERATION

Certain expenditures require particular caution because their business purpose may not be immediately obvious. As outlined below, such expenditures might be allowable depending on the circumstances. The business purpose for these types of expenditures must be clearly indicated on the supporting documentation.

a. Flowers, Candy, and Similar Expenditures

In general, expenditures for items such as flowers and candy are not allowable; however, exceptions may be made on a case by case basis. Such exceptions might include displays for programmatic reasons such as events honoring students at the end of the year and annual employee recognition events or for certain development activities or cultivating donor relations.

Upon the death of an employee or student, the Chancellor and Presidents may extend official expressions of sympathy on behalf of the University. Such expressions may be funded from designated unrestricted gift or vending machine revenues (recorded in Fund 10) and expenditures may be for flowers or donations in lieu of flowers but such donations may only be for educational purposes benefiting the University. Good judgment should be applied including reasonableness related to the amount, frequency, and appropriateness. The Chancellor and President may also send such expressions in limited other circumstances as they determine appropriate.

b. Space Decoration

University funds may be used for space decoration expenditures (e.g., live and artificial plants, artwork, framing, aquariums) for public areas of the University. A space is defined as a public area when its primary purpose is to serve the general public (e.g., a library or common reception area). An individual's office or other space that primarily serves University employees rather than the general public, is not considered a public area and decoration expenditures are not generally allowable. Exceptions may be made on a case by case basis when an employee (e.g., President) is in a position requiring frequent external parties to visit the individual's office and the employee is in a position such that a reasonable person might expect the office to be presented in a certain way. Any decoration expenditures must be reasonable, within budget, and approved in advance by the chief financial officer or designee. At no time should expenditures be made for renovations or decorations which a reasonable person would consider to be extraordinary or excessive.

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c. Meals and Snacks

1. Travel

Business travel meal expense reimbursements for both in and out-of-state travel are addressed in APL IV-B., "Travel and Expense Procedures".

2. Official Meetings and Training

Whenever practical, personnel should set meeting times to avoid incurring meal expenses.

- University funds may be used for meals when a meeting for official University business involves individuals who are not University employees (e.g., guest lecturers, job candidates, donors, prospective students).
- University funds may also be used for meals when University employees meet to accomplish various business objectives and it is not possible or practical to leave the premises or otherwise be responsible for their own meal. Such meetings will have an agenda, are often catered, and usually have a short lunch break or continue during the meal.
- University funds may be used for meals for employee training events. Training events are defined as organized activities aimed at imparting information and/or instruction to improve job performance. Training events do not include regular staff meetings and, whenever practical, personnel should set training times to avoid incurring meal expenses.

d. Alcohol

University funds should not be utilized for the purchase of alcohol except as follows:

1. Conferences for External Entities

Universities are engaged in hosting conferences for external entities who may request that the University serve alcohol at these events. In this situation, since a third-party is making this request of the University and will be billed by the University for all conference costs including the alcohol, University funds may initially be utilized to purchase the alcohol. (This same concept would also apply to catering meals where the food costs might otherwise be considered extravagant).

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2. Specific Business Related Purposes

In the following exceptions, these purchases may be made only from designated unrestricted gift and vending machine revenues (recorded in Fund 10) or restricted sources when such expenditures are specifically stated or otherwise clearly allowable based on donor or sponsor intent.

i. University Advancement

Universities may entertain dignitaries, donors or alumni to promote the advancement of the institution and these guests may order an alcoholic beverage. In these instances, alcohol is considered an allowable expense but only for the guests' beverages unless prior approval of the chief financial officer or designee is obtained.

ii. Other Official Business Use

Alcohol may also be served at some official University business events or functions with pre-approval of the chief financial officer or designee. The business purpose for these types of expenses must be clearly indicated on the supporting documentation. Other types of official business uses could include, for example, Board of Trustee or Board of Visitor meetings at which an evening reception or meal is held, senior level interviews spanning a day or more, and occasional community outreach activities.

e. Membership Dues

1. Professional Organizations

Expenditures for memberships to professional organizations must be reasonable and related to assisting an employee in carrying out the responsibilities of their position. The business purpose and benefit to the University must be obvious or documented on the request, invoice, or in another appropriate manner and must be approved by an appropriate supervisor or department head.

2. Public Service Organizations

An employee's individual membership dues to community service organizations (e.g., Kiwanis, Rotary) are typically not an allowable use of University funds. Exceptions may be made when the membership is necessary for the performance of the employee's duties. Such expense must be approved by the supervisor and the chief financial officer or designee.

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3. Social Clubs

An employee's individual membership dues to private organizations or clubs (e.g., country club) are not allowable unless specifically authorized by the employee's contract. The cost of such memberships is taxable to the employee and will be recognized as such in the payroll system. The employee must reimburse the University for any charges that are personal in nature (e.g., meals when using the club for pleasure).

f. Charitable Contributions or Donations

In general, charitable contributions or donations are not allowable; however, the following exceptions may apply:

1. Small token items (e.g., sweatshirts, mugs, team-autographed sports memorabilia) donated for charity events or auctions whereby the University may benefit from the public recognition of the donation.
2. Charitable contributions whereby such will advance the University's mission. The purpose must be clearly documented and approved by the chief financial officer or designee.

g. Referenda Related Expenditures

Periodically, bond referenda advancing University objectives are presented to the public. This section identifies related requirements regarding use of University funds only. This APL is not intended to address how employees may support bond referenda while not on duty and without University funds. For further guidance, University Counsel should be consulted.

1. A University official or employee whose duties and/or responsibilities include advocacy for the University on public policy matters may speak in support of University related referenda as part of his/her duties or responsibilities. Such advocates would include the Chancellor, vice chancellor, presidents, and other University officers directly involved in policy advocacy. Such officials or employees may send informational items about referenda through university communications media (e.g., email, campus mail, posters, phone calls, alumni mailing) provided that the message does not advocate for the recipient to vote a certain way. An appeal to go to the polls and cast a ballot is permissible so long as the appeal does not urge a "YES" or a "NO" vote.

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2. University officials and employees may not solicit or accept political donations when on duty, nor may they seek or accept political donations in University owned or leased work space, or while using a vehicle owned or leased by the University, nor may they use other University resources to support such efforts.
3. Regarding bond referenda advocacy, expenditures of University funds, beyond the criteria described above, are strictly prohibited.

VI. DISCIPLINARY ACTION AND PROCESS

A person who becomes aware of any inappropriate or prohibited transaction is expected to report the incident to his/her supervisor. The supervisor will notify the system or campus chief financial officer who will review the transaction. If the transaction is determined to be inappropriate or prohibited, the employee must immediately reimburse the University for the amount of the expenditure. The chief financial officer will also determine if further action is required including (but not limited to):

- additional training or
- disciplinary action up to and including termination of employment.

Human Resources will be consulted whenever disciplinary action is anticipated.

VII. SOURCE OF FUNDS DEFINED

The following briefly describe various University funding sources:

Educational and General Funds (E&G) – are used to support the primary missions of instruction, research, and public service and are primarily received from state appropriation, tuition and fees, interest earned on operating investments, and miscellaneous other revenue like rebates. (Fund 00)

Agency Funds – are funds held by the University where the institution is acting as custodian or fiscal agent. The money is deposited with the University for safekeeping, to be used or withdrawn by the depositor at will. These funds may be held on behalf of students, faculty, staff, organizations, or some other third party. Typical examples of agency funds are deposits by students and student organizations, publishing advances to faculty members who edit journals, college work-study funds for outside employers, and various breakage deposits. (Fund 50)

Auxiliary Funds – an entity (e.g., bookstore, residence hall, cafeteria) that exists to furnish a service to students, faculty, or staff and charges a fee directly related to the cost of the service. Managed as essentially self-supporting. (Fund 03)

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Designated Funds – unrestricted funds for which the University’s Board of Trustees or management has imposed requirements. (Funds 10 and 13)

Restricted Funds:

Grant and Contract Funds – restricted funds received from federal, state, or private sponsors to advance a certain area often involving increasing the level of knowledge about a particular subject and providing a deliverable (e.g., research results). (Funds 20, 22 and 24) These funds also apply to the University cost sharing portions. (Funds 04 & 12)

Restricted Gift – funds received from donors who specify how the funds may be used. This includes both direct gifts and distributions from restricted endowments. (Fund 20)

Special State Appropriation – funds received with restrictions as specified by the State e.g., Maine Economic Improvement Fund (MEIF). (Fund 23)

Unrestricted Gift – funds received from donors who have left the use to the discretion of the University. (Fund 10)

APPROVED:

*Signature on file in the Finance Office of
the University of Maine System.*

Vice Chancellor for Finance and Administration

Related Documents:

[APL IV-B Travel and Expense Procedures](#)

[APL VII-A UMS Purchasing Procedures](#)

[APL VII-B Procurement Standards of Conduct](#)

[APL VII-C Purchasing Cards](#)

[APL VII-D Cellular Telephone Acquisition, Use and Reimbursement](#)

[APL VIII-C Direct Charging of Expenses](#)