

OAKLAND UNIVERSITY

ADMINISTRATIVE POLICIES AND PROCEDURES

207 BUSINESS EXPENDITURES

SUBJECT:	BUSINESS EXPENDITURE POLICY
NUMBER:	207
AUTHORIZING BODY:	STRATEGY COUNCIL
RESPONSIBLE OFFICE:	VICE PRESIDENT FOR FINANCE AND ADMINISTRATION
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RATIONALE: As stewards of the public trust, it is the responsibility of every Oakland University (University) Employee to ensure that University funds, regardless of the source, are prudently used to advance the mission of the institution and the academic needs of its students.

The University's Business Expenditure Policy provides guidance to faculty and staff in the proper use of University resources.

POLICY: Executive Officers of the University, or his/her designee, may vest spending authority only with persons who possess sound administrative judgment and full knowledge of University fiscal policies, sponsoring agency and donor restrictions and IRS requirements. Though designated department managers are responsible for implementing this policy and expense approvals, Executive Officers remain accountable for all expenditures that fall within the scope of his/her budgetary jurisdiction. The Controller's Office and Internal Audit conduct ongoing reviews of all University expenditures to maintain University compliance with internal policies and external requirements.

Prior to approving an expense, managers must always consider the appropriateness of the expenditure; as it relates to:

1. It is necessary for an academic or operational interest of the University, a department operation or a grant.

2. It is reasonable to meet an important institutional need.
3. It can be adequately documented.

All three criteria must be met.

The President may approve an expense allowance for individuals to facilitate appropriate business expenditures in keeping with University interests (e.g., local business mileage, business meals, office operating expenses, etc). Expense allowance expenditures are subject to periodic reporting under Controller's Office guidelines.

All University departments should implement a system of supervisory checks and balances to ensure expenditures always meet University interests. Authorized parties should consult with supervisors whenever questions about expense appropriateness arise. The Controller's Office is available for consultation. Executive Officers may make expenditure exceptions within the scope and spirit of this policy.

OU AP&P #1000 Procurement must be followed regarding specific commitment and contracting authority for all business expenditures.

SCOPE AND APPLICABILITY: This policy applies to expenditure of any and all University funds, including general funds, designated funds, expendable-restricted funds, auxiliary enterprise funds, plant funds, student loan funds, endowment funds, retirement and insurance funds, and agency funds.

All University departments, faculty, staff and students are required to comply with this policy.

DEFINITIONS:

Division: An area of the University headed by the President or a Vice-President.

Donation: A voluntary gift to a charity or public institution or to benefit a cause.

Employee: All persons on payroll during a calendar year including student Employees and Graduate Assistants.

Executive Officers: The President or a Vice President.

Gift Tributes: Gifts that recognize achievements or significant events.

Online Services: Electronic business subscriptions.

Political Action Committee (PAC): An independent committee, other than a political party committee, organized to accept contributions or make expenditures in support of or in opposition to a candidate for nomination to an elective office at least six months prior to election, has received contributions from at least 25 persons and has met all requirements set forth in MCL 169.201 et seq.

Political Donation: A contribution made to a politician, a political campaign, a political party, or a PAC.

Sponsorship: Financial support of an event outside of the University which includes table Sponsorships and/or program advertising or name recognition.

PROCEDURES:

1. **Loans:** Personal loans or cash advances to employees are never permissible under this policy. Cash advances for travel expenses may be permissible under OU AP&P #1200 Travel.
2. **Undocumented Expenses:** Original receipts are required for payment or reimbursement under this policy. See OU AP&P #266 Petty Cash Funds and #1000 Procurement and #1200 Travel for more information on required expense documentation.
3. **Donations:** An Executive Officer of the institution may approve a Donation to a non-profit community or University organization only when it serves to clearly advance a strategic goal of the University. Requests must be submitted in advance and include a written justification of the purpose and strategic intent of the Donation. Donations cannot be paid from the general fund.
4. **Sponsorships:** Direct or indirect financial support of outside events paid using University funds must advance the strategic goal of the University and must be approved by an Executive Officer (University Advancement should be informed to help coordinate University sponsored events). Support for outside events where elected officials are participants is not prohibited if in compliance with the appropriate Federal and Michigan campaign finance and lobby acts and approved by the Office of Government and Community Relations.
5. **Political Donations:** Donations to political parties, political action committees, or candidates directly are considered a personal choice and must be made with personal funds (including purchases of tickets, tables and entertainment).
6. **Lobbying Activity:** Oakland University, as a whole, as well as designated individuals within the Office of Government and Community Relations, are

registered as lobbyists/agents with the State of Michigan. As such, we are required by state law to abide by the rules governing lobbying activity and expenditures made with University funds. Therefore, the Office of Government and Community Relations must provide prior approval for the purchase of food, beverages and other items for state elected officials to ensure that the University is in compliance with the Michigan Lobby Registration Act.

7. **Payment of Fines:** Fines, traffic citations, parking tickets, etc. are the personal responsibility of the employee, and cannot be paid or reimbursed under this policy.
8. **Food for University Employees:** Employee food costs (meals, office snacks and beverages) are a personal expense. The use of University funds to pay Employee food costs is not an acceptable practice unless the event falls within one of the special circumstances below:
 - a. When Employees are required to participate in a non-recurring event such as a retreat, workshop or seminar.
 - b. When Employees are required to participate in a business meeting that cannot be held during normal work hours.
 - c. University sponsored recognition programs such as Employee of the Month and Length of Service.

For the above circumstances, the payment documentation must include a statement of the business rationale of the event, the type of attendees (department name, committee name, etc.), and original receipts. Expenditures should be reasonable. When possible, such programs should be paid for with non-general funds.

9. **Food for Student Events:** Food cost is an acceptable expense at meetings held for the purpose of student academic advancement, academic achievement or training (e.g., student orientation debriefing meetings). Expenditures must be reasonable and the event must pertain to the mission of the hosting department. When possible, such events should be paid for with non-general funds.
10. **Entertainment Activities:** Employee parties, amusements, or social outings such as birthdays, showers, holidays, etc. are personal expenses. The use of University funds to pay for these events is not an acceptable practice. However, an Executive Officer may approve an entertainment event if it falls within one of the special circumstances below:
 - a. A University wide celebration with a clear relationship to the academic, strategic business or advancement mission of the institution such as University wide fairs, galas, convocations, groundbreaking or picnics.

- b. A retirement reception for an Employee with fifteen or more years of service held on campus and open to the public. Retirement party expenditures should be reasonable.
- c. Holiday celebrations at the University, Division, college/school, or library level only.
- d. An off-campus event where both non-University guests and University Employees are present (including at a private home or restaurant), if the event expenditures:
 - Advance a strategic goal of the University, and
 - Conform to University policies regarding alcohol purchase, and
 - Are judged to be a prudent use of University resources.

Food for business purpose meetings where non-University guests are in attendance is considered “hosting,” and is covered by OU AP&P #208 Business Meals and Hosting Expense and OU AP&P #400 Alcoholic Beverages.

In all cases when University funds are used for any entertainment activity, the payment documentation must include a statement of the business rationale for the event, a list of attendees or type of attendees and original receipts. When possible, such activities should be paid for with non-general funds.

11. **Food Preparation Appliances:** Office coffee makers, refrigerators and other appliances used for the personal consumption of food and beverages on campus may not be purchased with University funds unless it is essential for recurring business with non-University guests or for use by students in designated study areas.
12. **Floral and Gift Tributes:** The death of an Employee or close relative and Employee retirements may be appropriate for legitimate business gift expenses. An Executive Officer of the University must approve any University expenditures for Employee gifts. To prevent duplication of effort, follow OU AP&P #455 Death of Faculty, Staff and Retiree and Floral Tributes for floral tributes.
13. **Personal Vehicles:** Mileage rates paid for business use of personal vehicles are the only reimbursable costs allowed when a personal vehicle is used. See also OU AP&P #1200 Travel. The University will not reimburse Employees for personal insurance, gasoline, loss, damage or any other cost associated with personal vehicles.

14. **Personal Services and Goods:** With the exception of shirts imprinted with OU and Department logo for the purpose of being worn to work, items or services of a personal nature are never reimbursable. Such items and services include but are not limited to in-room movie rentals, fitness club dues, life insurance (other than as an official employee benefit), laundry, dry cleaning or other wardrobe maintenance (unless contractually obligated), etc.

15. **Awards and Gift Recognition:** Executive Officers may recognize Employees and students with a token of appreciation for extraordinary work with non-cash awards, prizes or gifts valued under \$75 (e.g., OU sweatshirt). Cash, gift cards and gift certificates to employees are not allowed.

Monetary awards for student academic achievement may be allowable and must be reported to the Financial Aid Office.

16. **Firearms and Weapons:** With the exception of official OU Police Department activity, payments for the purchase, maintenance or use of firearms or other types of weapons are not considered legitimate University business expenses, even if the stated purpose is educational.

17. **Alcoholic Beverages, Drugs, and Narcotics:** Drugs and narcotics are never considered legitimate University business expenditures, except in the case of the University Health Center and Athletics Department, both of which may purchase items in the drug and pharmaceutical categories only when they use proper methods of procurement and administration consistent with any and all applicable University policies and the law. If drugs or narcotics are required for a research project, prior approval of the Vice Provost for Research is required and proper methods of procurement and administration consistent with any and all applicable University policies and the law must be used. The purchase of alcoholic beverages is covered in OU AP&P #400 Alcoholic Beverages.

18. **Personal Living Costs:** With the exception of the University President, personal living costs are never considered legitimate University expenses. This restriction includes rent, mortgage, insurance and utility payments; and residence services such as those provided by maids, cooks or gardeners. See also OU AP&P #257 Moving Expenses. This policy is not intended to limit housing accommodations for residence hall assistants or hall directors.

19. **Subscriptions, Professional Memberships and Licenses:** Subscriptions to professional magazines, periodicals and Online Services may be considered legitimate business expenses only if they are in the name of the University and/or they have a clear relationship to its mission. See also OU AP&P #1000 Exhibit 3. Fees for professional memberships and licenses and other costs of maintaining an association with professional or trade organizations may be in the name of the

Employee and paid for with University funds if the expenditure is clearly relevant to the performance of the staff member's duties and responsibilities.

20. **Personal Costs of Education:** Employees may pursue degrees and certificates that are paid for as part of an Employee benefit program. To determine if such pursuits can be reimbursed, contact University Human Resources.

Job related training and development are legitimate business expenditures. Maintaining or acquiring professional credentials may be considered a business expense if the expense is clearly relevant to the performance of the Employee's duties and responsibilities. These types of expenditures may be paid for at the discretion of and at the expense of the Employee's department.

21. **Hazardous Material:** Purchase of hazardous materials is restricted, and is defined by OU AP&P #620 Environmental Health and Fire Safety.

22. **Personal Office and Ornamental Items:** University funds may not be used to purchase personal office items such as monogrammed items.

Modest purchases of pictures, paintings, planters, etc. to decorate public spaces of the University may be legitimate business expenditures. Such purchases are not allowable for personal offices or cubicles.

23. **Framing, Plaques and Certificates:** The cost of framing, plaques and certificates is a legitimate University expense when the purpose is related to Employee or student performance recognition. Pictures to be hung in a public university space may also be framed at University expense. Employees may not use University funds to frame pictures and awards personally received.

24. **Video and Audio Equipment:** Some offices use sound and video equipment in their day-to-day work to execute the University's mission. In those cases, purchase and maintenance of such items are considered legitimate business expenses. The purchase of entertainment devices for personal use is not allowed.

25. **Games of Chance:** The cost of participating in any game of chance for personal purposes is never an allowable business expense. Departments may operate certain games of chance for University business-related fund-raising purposes by following OU AP&P #435 Games of Chance Procedures.

26. **Moving Expenses:** Personal moving expenses are allowable only for selected members of specific Employee groups and approval of such is defined in OU AP&P #257 Moving Expenses.

27. **Physical Facility Changes:** Modifications to physical work spaces, facilities or grounds must be approved by, and coordinated with the Finance and Administration Division, through the Associate Vice President for Facilities. See also OU AP&P #310 Building Alterations, Renovations, and/or Modifications and OU AP&P #320 Campus Signs.
28. **Office Equipment and Supplies Use:** Personal use of a University telephone, facsimile, stationery and supplies, personal computers and any other device, supply or service purchased with University funds is not allowable. Supervisors should exercise reason in administering this policy.
29. **Lease/Rental of Real Property:** Leases or rentals of real property not sited on OU property are allowed for University business-related purposes, but must first be approved by an Executive Officer. Such leases or rentals must also be pre-approved by the Oakland University Board of Trustees if the duration of the lease is more than one year or the value of the lease is greater than \$12,000. See related Board Policy, Disposal, Acquisition, Lease, and Other Transfer of Real Property Interests of 11/12/86 (Available in Legal Affairs Office) and OU AP&P #1000 Procurement Policy.
30. **Conflicts of Interest:** Disclosure of potential conflicts of interest shall be made in writing to the President for approval. See OU AP&P #406 Conflict of Interest Policy.
31. **Software:** See OU AP&P #870 Software Regulations, #1000 Procurement, and #1020 Purchasing Card Procedures.

RELATED POLICIES AND FORMS:

OU AP&P #208 Business Meals and Hosting Expense

OU AP&P #257 Moving Expenses

OU AP&P #266 Petty Cash

OU AP&P #310 Building Alterations, Renovations, and/or Modifications

OU AP&P #320 Campus Signs

OU AP&P #400 Alcoholic Beverages

OU AP&P #406 Conflict of Interest Policy

OU AP&P #435 Games of Chance Procedures

OU AP&P #455 Death of Faculty, Staff and Retiree and Floral Tributes

OU AP&P #620 Environmental Health and Fire Safety

OU AP&P #870 Software Regulations

OU AP&P #1000 Procurement Policy

OU AP&P #1020 Purchasing Card Procedures

OU AP&P #1200 Travel

Board Policy, Disposal, Acquisition, Lease, and Other Transfer of Real Property
Interests of 11/12/86 – This Policy available from the Office of Legal Affairs

APPENDIX: