

Financial Policy & Procedure Instructions Manual
FPI D-2 Propriety of Expenditures

- I. PURPOSE
 - II. POLICY
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I. PURPOSE

The purpose of this FPI is to present guidelines on propriety for expenditures from University funds. This policy applies to all funds of the University, including appropriated, generated, awarded (including sponsored programs), donated, or otherwise received or spent by the University from any source.

II. POLICY

- A. State Fiscal Rule 2-1 states "All expenditures by State Agencies shall meet the following standards of propriety:
 - 1. Are for official State business purposes only; and
 - 2. Are reasonable and necessary under the circumstances."

- B. Employees authorized to approve University expenditures are responsible for ensuring that expenditures are proper and have contemporaneous documentation which satisfies any need for justification of such expense to an outside party.

Since evaluation may require some degree of judgment, the following general guidelines provide a framework. A University expenditure is proper only if it meets all of the following tests:

- 1. Necessary to satisfactorily accomplish official University mission or goals.
 - 2. Complies with all existing University and applicable sponsoring agencies' policies and procedures (including federal, State, and local regulations).
 - 3. Does not appear to, nor does it actually, provide personal, political, or other non-business benefit to an employee without a justifiable, primary benefit to the University.
 - 4. Is within approved budgets.
 - 5. Is appropriately approved.
 - 6. Is reasonable under the circumstances.

- C. The University is a public institution, and employees approving expenditures must evaluate them from the perspective of the general public. Expenditures must favorably reflect on the performance of the University with respect to fiscal responsibility.
- D. Questions concerning the propriety of expenditures should be directed to the Director of Business and Financial Services.