

Ball State University

Allowable Expenditures Policy

EFFECTIVE DATE: January 31, 2022

POLICY ISSUED FROM: Office of University Controller, as approved by Cabinet

I. PURPOSE: The University pays directly or reimburses individuals for expenditures that are necessary and appropriate to conduct University business. This policy outlines the core responsibility, guiding principle, reimbursement policy and examples of business-related expenses at Ball State University. **While this policy outlines allowable expenditures, it does not guarantee that budgets will allow for such costs.** Individuals wishing to utilize University funds should always ensure budgetary availability first.

II. BACKGROUND: Members of the Ball State University community are expected to employ sound business practices and exercise prudent financial management in their stewardship of University resources. As such, individuals using University resources for business, travel expenses, and/or are purchasing items to be owned by Ball State share the responsibility of ensuring that these resources are used appropriately, support the University's mission, and comply with University policies, applicable laws and regulations, and sponsor or donor restrictions.

III. APPLICABILITY: This policy applies to all expenditures paid for directly by, reimbursed by, or made on the behalf of, the University. Any employee who initiates, processes, or approves expenditures is expected to know and abide by this policy. The policy will also detail which source of funds would allow a certain expenditure. Finally, this policy is not to be utilized when paying for services rendered which are subject to separate policies, generally either employment or procurement. Any payments for services rendered are subject to tax reporting and must be processed via Accounts Payable or Payroll depending on the situation.

IV. POLICY DETAILS:

1. Stewardship of Resources

It is the responsibility of the individual incurring expenses and those involved in the preparation and approval of reimbursement requests or financial transactions to exercise good stewardship of University funds and to adhere to all applicable policies.

Travel and business expenses that do not reflect good stewardship of University resources, are found to benefit the individual at the expense of the University, and/or are deemed excessive or fraudulent will be subject to further review by the appropriate office (e.g. Office of General Counsel and/or Internal Audit). Consequences of substantiated financial irregularities include denial of reimbursement, future business expense or travel restrictions and appropriate disciplinary action up to and including termination of employment or other relationships with the University.

2. Guiding Principle: Spend Appropriately

Individuals using University resources and funds for Ball State business and travel are expected to spend appropriately. Specifically, expenses incurred in the course of University-related business must be reasonable and necessary.

- a. Reasonable means that the nature and amount of the expense does not exceed that which a prudent person would incur under the same circumstances. While these amounts may vary, a good test is whether the individual could defend the expense if it came under public scrutiny.
- b. A necessary expense is one that supports and furthers the University mission and its ongoing operation.

To facilitate appropriate spending on travel-related expenses, Ball State utilizes Chrome River for pre-approval of travel and expense substantiation. The use of Chrome River is expected for all travel-related expenses. This system supports the guiding principle to spend appropriately by allowing departments to approve estimated expenses before travel occurs and assists with the administrative requirement to provide documentation demonstrating expenses are reasonable and necessary. Please consult the University's [Travel Policy](#) for information specifically regarding expenditures on travel.

3. Reimbursement Policy: Accountable Plan and Regulations Compliance

The University reimburses individuals under its [Accountable Plan](#) when its guidelines are met. Under this plan the reimbursement is not taxable as income to the employee. In addition to expenses being reasonable and necessary, the requirements for reimbursement under the Accountable Plan include the following:

- a. **Business Connection and Substantiation of Expense**
Expenses incurred must have a business connection; that is, they must have been paid or incurred while performing Ball State business. The business connection must be adequately explained and documented in the University's records.

b. Timeliness of Transaction

An advance made within 30 days of when an expense is paid or incurred, an expense substantiated to the University within 60 days after it is paid or incurred, or an excess advance amount returned to the University within 120 days after an expense is paid or incurred will be treated as having occurred within a reasonable period of time.

Substantiation of an expense means that an invoice or receipt is provided to the University for its review and records. An invoice or receipt should list all of the following in order to be considered:

1. Both the supplier's and the customer's name¹
2. The date of services or purchase
3. An itemized list of goods purchased or services provided
4. Itemized charges including the total amount charged

4. Source of funds

The source of funds is important when deciding which expenditures are or are not appropriate. While there are several sources of funds, each has its own set of expectations and restrictions.

General funds: Justifiable to students, parents, taxpayers, and legislators - and reasonable from their viewpoints.

Designated funds: Compliance with the specific action or purpose for which these funds were created and authorized by the Board of Trustees or administrative head.

Restricted funds: Compliance with specific sponsor requirements and reasonable based on the purpose for which funds were provided.

Auxiliary funds: Justifiable to students, parents, and patrons – and reasonable from their viewpoints.

Agency funds: Reasonable based on the purpose for which funds were provided.

¹ Receipts may not always list the customer's name

Foundation Funds: Justifiable to donors who have entrusted funds to discretion of executive and administrators and reasonable given other needs these funds could satisfy. Note: expenditures reimbursed by the Foundation are subject to additional approvals by administration of Foundation.

V. EXAMPLES OF APPROPRIATE AND INAPPROPRIATE EXPENDITURES:

The attached chart is meant to outline common expenditures and/or requests for expenditures. Any expenditures are subject to approvals by authorized department personnel. Below is a non-comprehensive list of appropriate and inappropriate expenses:

Examples of Appropriate Business Expenses

- a. Business-related airfare, lodging, travel meals, transportation, and conference registration fees;
- b. Visa issuance fees for international travel related to University business;
- c. Business meals at a restaurant or catered by an approved supplier, attended by those necessary to achieve a business outcome;
- d. *Occasional* employee morale activities, on-campus team-building events within reasonableness standards;
- e. Items required to meet educational mission such as books, supplies or other related items;
- f. Purchases for the improvement of an office environment such as refrigerators, microwaves and other appliances (including basic coffee machines) for the benefit of all employees in a work unit or area;
- g. Clothing items, such as t-shirts, which will be used for identification purposes at events or for other business purposes, valued at less than \$40 per person per item. The expectation is that this will be an infrequent expense. See [Employer-Provided Uniforms or Clothing Policy](#) for additional information.
- h. Licenses and Certifications
 - i. Fees for maintaining licenses or certifications which are a requirement to be qualified for a position are permitted expenditures from University funds.
 - ii. Costs associated with continuing education required to maintain licenses and certifications may be paid for by the department, at its discretion.
 - iii. Licenses and certifications which are not required to be qualified for the position, but which are necessary to perform the work and are of benefit to the University, such as licensing for pesticide application or for food safety requirements, may be paid for by the University, at the discretion of the department.

- i. Length of service/ retirement awards administered directly by Human Resources and valued at less than \$400.

When essential for approved remote work arrangements, equipment necessary to perform work remotely. Departments may purchase laptops, internet connection hot spots, additional monitors, or other required technology equipment or services through the Ball State Technology Store if necessary to assist employee and benefit the University. To be reimbursable, personal computer, tablets, laptops, desktop computers, and online services must be purchased through Information Technology approved sources; please consult the [university policy regarding technology purchases](#) for more details. Such items remain University property and should be treated and maintained as such including being surrendered should employment terminate.

Examples of Inappropriate Business Expenses

- a. Items exclusively for the private benefit of an employee.
- b. Issuance fees related to passports for University employees and/or contractors. Note: passport fees for students may be allowable based on facts and circumstances.
- c. Per the [policy on tax implications for travel and related expenses](#), spousal travel, unless approved in advance by Vice President of Business Affairs and Treasurer, is not an approved expenditure.
- d. **Gift cards may not be directly purchased.** The University utilizes a vendor, Tango, for issuing electronic gift cards. Any direct purchase of a gift card will not be reimbursed. For additional information on Tango see the [procedure for ordering Tango cards](#).
- e. Food-related purchases for University offices
 - i. Specialty coffee machines are not permitted to be purchased from any University funds. Coffee supplies for guests may be purchased but not supplies exclusively for employee use, except as part of beverage service for authorized group meetings or meals.
 - ii. Purchase of beverages for employees, such as soda or juice, is only permitted for authorized group meetings or meals.
 - iii. Direct purchase of water purification devices or services, including bottled water service, are not permitted expenditures from any funds of the University. Some units may have common areas available for public use which are provided water purification devices directly by Facilities.
- f. Gifts to employees are not allowed as an employer cannot make a gift without a tax reporting obligation. Gifts for birthdays, holidays (including Boss' Day or Administrative Professional's Day) and other personal events are not permitted from any source of funds. These would be

considered personal expenses for supervisors or others who wish to recognize such events for their employees or colleagues.

VI. RESOURCES

[Expenditures Matrix](#)

Contact in Case of Questions: Office of University Controller, 765.285.8444 or ERPFinance@bsu.edu

Ball State University policies are subject to change at any time. If you are reading this policy in paper or .PDF format, you are strongly encouraged to visit BSU.edu to ensure that you are relying on the most current version.