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August 16, 2010

TO: Deans, Chairs, Directors, Department Heads, and Foundation Account Holders
RE: Discretionary Spending

Attached please find the Discretionary Expenditure Policy/Matrix Guide; it can also be found on Procurement Services' website at <http://procurement.nku.edu/policies> and on the NKU Foundation's website at <http://foundation.nku.edu/policies>. Given the current financial climate in the Commonwealth it is more important than ever that we remain diligent in our roles as budget unit administrators and make all expenditures in order to accomplish or support a specific business purpose.

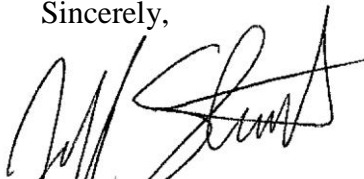
This policy and matrix guide has been created to provide information concerning categories of allowable discretionary purchases, the appropriate source of funds to be used for these purchases, and the approvals necessary prior to the expenditure of these funds.


Please contact Procurement Services, ext. 5265 or purchasing@nku.edu, with questions concerning this policy or any other purchasing or contracting related issues. For questions or concerns regarding any Foundation issues please contact the NKU Foundation at foundation@nku.edu.

For your convenience, we will be collecting and publishing frequently asked questions and concerns and posting them on Procurement Services' website link below, so please check it out often: <http://procurement.nku.edu/faq>

Thank you in advance for taking the time to review this policy.

Sincerely,


 Jeff Strunk, Director
 Procurement Services


 Karen Krueger Zerhusen, Executive Director
 NKU Foundation Inc.

Discretionary Expenditure Policy/Matrix Guide

This policy is written to govern the use of discretionary funds to further the mission of the university. This policy is a delegation of authority under the NKU PURCHASING POLICY (below), similar to and in conjunction with the procurement card delegation, **but is only applicable when the required approvals or pre-approvals are obtained**. Any expenditure which requires a contract to be signed should follow the CONTRACT PROCEDURES (below). All expenditures must support a specific university business purpose.

This policy is also delegation of authority by the NKU Foundation to those individuals assigned responsibility over Foundation accounts. NKU Foundation funds are not governed by the purchasing restrictions applicable to spending State funds, but they are subject to NKU and NKUF spending policies, laws, regulations, rules, and donor restrictions, and are used to supplement, not circumvent university spending policies. All NKU Foundation expenditures must fulfill a business purpose, be considered necessary and reasonable, and viewed by the general public as appropriate use of donated funds. In addition, expenditures utilizing Foundation funds should be made in a manner consistent with the purpose for which the funds were donated to the university. For information regarding the donor's intent of gifted funds, please contact the NKU Foundation at ext. 5126.

Please refer to the Administrative Regulations below regarding purchasing and contracting authority:

Northern Kentucky University Administrative Regulation AR-II-3.0-9

PURCHASING POLICY

A. The Director of Purchasing, under General Administrative Supervision of the President, is vested with University authority to order and/or purchase all materials, supplies, equipment, and services, subject to applicable state law and procedures. Purchases not authorized and/or approved by the Director of Purchasing shall not constitute official obligations of the University.

Northern Kentucky University Administrative Regulation AR-II-3.0-3

CONTRACT PROCEDURES (FOR NON-EMPLOYMENT CONTRACTS)

1. Each contract under consideration must have a contract approval cover sheet completed by the faculty/staff person responsible for initiating the contract for Northern Kentucky University.
2. Contracts are to be routed according to the cover sheet to allow each dean/director and major department head the opportunity for review and comment.
3. Each contract is to be reviewed by the Office for Legal Affairs.
4. Contracts may only be signed by an authorized agent of Northern Kentucky University.
 - a. The President of the University is recognized as the contracting officer of the University.
 - b. No one at the University has the authority to sign contracts binding the University unless they have a written delegation of authority from the President. Such delegation shall specify the extent of the authority. A copy of this written delegation shall be filed with the Office for Legal Affairs.

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All printing should be coordinated with either Marketing and Communications or University Printing. If it is determined that a specific job must be printed off campus, it is required by law to be printed by a company that has been competitively awarded a contract to perform printing services in the Commonwealth of Kentucky (KRS 57.011-091). For more information regarding eligible printing companies, please contact Procurement Services.

For payments or reimbursements utilizing Foundation Funds, a Parked Vendor Invoice should be processed in SAP to request payment.

In instances where pre-approval is required, an email from the appropriate Dean or Vice President confirming the request will suffice as a form of written pre-approval.

Category/Transaction Type	Expenditure Policy	NKU (Public) Funds	Foundation (Private) Funds	Required Approval
ALCOHOL				
Alcoholic beverages - purchases	The purchase of alcohol with public funds is not permissible per NKU Administrative Regulation AR-II-5.0-1(3D). Alcohol may be purchased and provided in a manner consistent with the <u>ALCOHOLIC BEVERAGE POLICY AND REGULATIONS</u> (AR-II-5.0-1) using private funds with pre-approval of the appropriate Dean or Vice President. Given these regulations and shared liability, it is preferred that events that include alcohol be conducted with the expertise of our contracted food service provider. http://president.nku.edu/docs/GovAdmReqsABC.pdf	No	Yes	Dean or VP for use of private funds
Alcoholic beverages - events off campus		No	Yes	Dean or VP for use of private funds
Alcoholic beverages - events on campus		No	Yes	Dean or VP for use of private funds

Category/Transaction Type	Expenditure Policy	NKU (Public) Funds	Foundation (Private) Funds	Required Approval
AWARDS/RECOGNITION				
Employee Incentive program (cash and gifts)	Programs must be conducted in coordination with Human Resources.	Yes	Yes	HR & Dean or VP
Employee Achievement/Recognition Awards (cash and gifts)	Programs must be conducted in coordination with Human Resources. A "Prizes and Awards" form must be filled out detailing the gift. http://hr.nku.edu/payroll/timesheets.html	Yes	Yes	HR & Dean or VP
Student awards - scholarships	Office of Financial Assistance must approve all scholarships prior to payment to ensure compliance.	Yes	Yes	Office of Financial Assistance
Student awards - cash awards for recognition/prize	Programs must be conducted in coordination with the Office of Financial Assistance. A "Prizes and Awards" form must be filled out detailing the gift. http://hr.nku.edu/payroll/timesheets.html	Yes	Yes	Dean or VP
GREETING CARDS				
Greeting cards - donors	May be allowable with pre-approval and coordination with the office of University Development.	No	Yes	Dean or VP
Postage		No	Yes	Dean or VP
Greeting cards - employees	Not allowable.	No	No	-
CELLULAR PHONES, TABLETS OR OTHER DEVICES WITH DATA PLANS				
NKU owned devices	Allowable with Dean or Vice Presidential approval.	Yes	Yes	Dean or VP
Employee owned devices	Reimbursement for business related activity, when other means of communication are not possible, may be allowable with Dean or Vice Presidential approval.	Yes	Yes	Dean or VP
DUES - EMPLOYEES				
Institutional	Allowable if job related and benefits NKU as a whole.	Yes	Yes	Budget Unit Administrator
Individual membership to civic, service or private club	May be allowable with pre-approval of Dean or Vice President.	Requires pre-approval from Dean or VP		
Professional organizations	Allowable if job related and benefits NKU as a whole.	Yes	Yes	Dean or VP
Professional licenses		Yes	Yes	Dean or VP
DUES - STUDENTS				
Individual membership to civic, service or private club	May be allowable with pre-approval from the Dean of Students.	Requires pre-approval from Dean of Students		
Professional organizations	Allowable with pre-approval from the Dean of Students.	Yes	Yes	Dean of Students
EVENTS HOSTED by NKU				
Fundraising events	May be allowable with pre-approval and coordination with the office of University Development.	Requires pre-approval from Dean or VP		
Annual events (picnics, retreats etc.)	May be allowable with pre-approval of Dean or Vice President.	Requires pre-approval from Dean or VP		
Award ceremonies (unit and University)		Requires pre-approval from Dean or VP		
Groundbreaking/dedication ceremonies	Allowable with Presidential approval.	Yes	Yes	Office of President
Student hosted events	May be allowable with pre-approval from the Dean of Students.	Requires pre-approval from Dean of Students		

Category/Transaction Type	Expenditure Policy	NKU (Public) Funds	Foundation (Private) Funds	Required Approval
FLOWERS				
Classroom/instructional purposes/events	Allowable as being related to the core business of the university or for official university events.	Yes	Yes	Budget Unit Administrator
Donors (appreciation, sympathy, etc.)	May be allowable with pre-approval and coordination with the office of University Development.	No	Yes	Dean or VP
Employees - Funeral/Illness and Employee & Immediate Family	May be allowable with pre-approval of Dean or Vice President.	Requires pre-approval from Dean or VP		
GIFTS - EMPLOYEES				
Memorial	May be allowable with pre-approval of Dean or Vice President.	Requires pre-approval from Dean or VP		
Retirement	Official gifts should be given by Human Resources. Additional gifts may be allowable with pre-approval of Dean or Vice President.	Requires pre-approval from Dean or VP		
Event/Sporting event tickets	Not allowable.	No	No	-
GIFTS - FRIENDS/DONORS				
Appreciation	May be allowable with pre-approval and coordination with the office of University Development.	No	Yes	Dean or VP
Memorial		No	Yes	Dean or VP
Retirement		No	Yes	Dean or VP
Special Occasions		No	Yes	Dean or VP
Event/Sporting event tickets		No	Yes	Dean or VP
GUEST EXPENSES				
Prospective students or employees	Reimbursements based upon original receipts and mileage rates. http://comptroller.nku.edu/payable.php	Yes	Yes	Budget Unit Administrator
Official University visitors		Yes	Yes	Budget Unit Administrator
MEALS & ENTERTAINMENT - EMPLOYEE				
Entertaining official guests	Policy is one NKU official per guest. More may be allowable with pre-approval of Dean or Vice President.	Yes	Yes	Budget Unit Administrator
Recruitment (prospective employee)		Yes	Yes	Budget Unit Administrator
Meals at employee home	May be allowable with pre-approval of Dean or Vice President.	Requires pre-approval from Dean or VP		
Retirement dinners		Requires pre-approval from Dean or VP		
Working luncheon	Allowable with agenda. If unplanned, an agenda must be created after the fact that captures the contents of the meeting.	Yes	Yes	Dean or VP
Planned administrative meetings/retreats	Allowable up to two annually with agenda.	Yes	Yes	Dean or VP
Department social activity (holiday etc.)	May be allowable with pre-approval of Dean or Vice President.	Requires pre-approval from Dean or VP		
Orientations/Receptions	Allowable.	Yes	Yes	Budget Unit Administrator

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While on travel status	Per diem rates for meals are reimbursed while on travel status. Additional reimbursements for entertainment/meal expenses may be allowable with approval of Dean or Vice President. http://comptroller.nku.edu/payable.php	Requires pre-approval from Dean or VP		
MEALS & ENTERTAINMENT - EMPLOYEE SPOUSE				
Entertaining official guests	May be allowable with pre-approval of Dean or Vice President.	Requires pre-approval from Dean or VP		
Orientations/receptions				
Fundraising activity				
Recruitment dinners				
While employee on travel status				
MEALS & ENTERTAINMENT - STUDENTS				
Orientations/receptions	Allowable.	Yes	Yes	Budget Unit Administrator
Graduation activities		Yes	Yes	Budget Unit Administrator
While on travel status	Please refer to travel policy. http://comptroller.nku.edu/payable.php	Yes	Yes	Budget Unit Administrator
MOVING/RELOCATION EXPENSES				
Prospective students or employees	Based on statute KRS 164.365 . University would prefer to pay the moving company or send them a "not to exceed" PO and have the employee pay the difference. This method alleviates most taxable issues. Amount allowable to be determined by Dean or Vice President.	Yes	Yes	Dean or VP
OFFICE EXPENSES				
Supplies	Contracted office supply vendor must be used when possible (currently OfficeMax). Other purchases to be made on an emergency basis only.	Yes	Yes	Budget Unit Administrator
Appliances	Departments must get Facilities Management approval prior to ordering appliances, purchases must also follow the Energy Star procurement policy. http://procurement.nku.edu/policies/engerystar.html	Yes	Yes	Facilities Mgt.
Holiday Decorations/Décor Pictures, artwork, décor, plants	May be allowable with pre-approval of Dean or Vice President. Holiday decorations and décor with specific religious connotations/affiliations are not permissible for purchase with public funds.	Requires pre-approval from Dean or VP		
Refreshments	May be allowable with pre-approval of Dean or Vice President.	Requires pre-approval from Dean or VP		
PERSONAL SERVICE CONTRACT				
Request for proposals	A "Proof of Necessity" and "Personal Services Contract" must be sent to Procurement Services for a determination to be made as to the application of statutes KRS 45A.690-725 that define the governance of personal service contracts. http://procurement.nku.edu/forms.html	Yes	Yes	Procurement Services
Independent consultants		Yes	Yes	Procurement Services
PETTY CASH FUND				
Employee	All such reimbursements for expenditures otherwise allowable under this policy must be based upon original invoice and completed Petty Cash Voucher. Sales tax cannot be reimbursed as the University is exempt from such tax. Procurement Services will furnish this exemption certificate to the vendor upon request. http://procurement.nku.edu/policies/policymanual.html and KRS 45A.650	Yes	Yes	Budget Unit Administrator
Student		Yes	Yes	Budget Unit Administrator
Non-employee	Non-employees should be reimbursed through the requisition process for external vendors in SAP, based on original receipts.	Yes	Yes	Budget Unit Administrator

Category/Transaction Type	Expenditure Policy	NKU (Public) Funds	Foundation (Private) Funds	Required Approval
EMPLOYEE TRAINING/CONTINUING ED (NON MEAL RELATED)				
Community related programs	Allowable if job related and/or directly benefits NKU.	Yes	Yes	Budget Unit Administrator
University seminars/workshops		Yes	Yes	Budget Unit Administrator
Continuing education courses		Yes	Yes	Budget Unit Administrator
STUDENT TRAINING (NON MEAL RELATED)				
University seminars/workshops	Allowable.	Yes	Yes	Budget Unit Administrator
TRAVEL				
Subsistence expenses	Based on per diem rates. http://comptroller.nku.edu/payable.php	Yes	Yes	Budget Unit Administrator
Transportation expenses	Please refer to travel policy. http://comptroller.nku.edu/payable.php	Yes	Yes	Budget Unit Administrator
Miscellaneous travel expense		Yes	Yes	Budget Unit Administrator
Non-employees travel	Reimbursements based upon original receipts and mileage rates. http://comptroller.nku.edu/payable.php	Yes	Yes	Budget Unit Administrator
Interviewees travel		Yes	Yes	Budget Unit Administrator
Travel expense claims	Please refer to travel policy. http://comptroller.nku.edu/payable.php	Yes	Yes	Budget Unit Administrator
Travel advances		Yes	Yes	Budget Unit Administrator
Registration fees		Yes	Yes	Budget Unit Administrator
Employee International Travel	Requires out of country authorization form to be completed prior to leaving and travel voucher completed upon return for reimbursement. Please refer to travel policy. http://comptroller.nku.edu/payable.php	Yes	Yes	Dean or VP
Student International Travel/study	A Student Travel Voucher must be submitted to the Accounts Payable office along with an estimate of travel related expenses and a list of travelers. Please refer to travel policy. http://comptroller.nku.edu/payable.php	Yes	Yes	Office of International Studies
VEHICLES				
Rental Vehicles	Allowable through approved contracted car rental company (currently Enterprise). http://procurement.nku.edu/content/dam/Procurement/docs/Resources/Rental_Instructions.pdf	Yes	Yes	Budget Unit Administrator
Executive Vehicles	Currently the Vice Presidents of University Advancement and Community and Government Relations, and the Assistant Vice President of University Development are provided vehicles.	Yes	Yes	Office of President
HONORARIUM/SPEAKER FEES/JUDGING				
Honorarium	An invoice containing the who, what, when, where is required. A "Speaker/Entertainment Contract" is acceptable in lieu of an invoice. http://http://procurement.nku.edu/Personalservicecontracts.html	Yes	Yes	Budget Unit Administrator
Speaker Fees		Yes	Yes	Budget Unit Administrator
Judging events (such as camps, refereeing etc.)		Yes	Yes	Budget Unit Administrator

Category/Transaction Type	Expenditure Policy	NKU (Public) Funds	Foundation (Private) Funds	Required Approval
GIFT CARDS				
Employees	NKU may allow under certain circumstances related to Grants and/or research surveys. Responsible individual must keep track of all gift cards purchased and require the participants to sign that they received the gift card, not to exceed \$25.00. Gift cards should not be given in lieu of payment. A "Prizes and Awards" form must be filled out detailing the gifts. http://hr.nku.edu/payroll/timesheets.html	Gift Cards given as a prize or an award to an NKU employee should be done in coordination with Human Resources.		
Students		Requires pre-approval from Dean, VP, or Grant Accountant		
Non employees		Requires pre-approval from Dean or VP		
CATERING				
On Campus	Covered under "Food Policy", the current contractual agreement with Chartwells Higher Education Group is for the right to provide exclusive food service for the University. Exceptions to the "Food Policy" may be requested in writing through Business Operations and Auxiliary Services. http://busaux.nku.edu/resource/foodpolicy.php	Yes	Yes	Budget Unit Administrator
Off Campus	Chartwells is not contractually obligated to perform off campus catering, but will usually do so if requested. Their additional liability coverage is added incentive to contract with them but not mandatory.	Yes	Yes	Dean or VP