

Using Discretionary 17A Accounts

OVERVIEW

Expenses from discretionary accounts must benefit WSU, supporting one or more of the University's missions of research, education, public service, and outreach. The use must conform with the donor's intent for the gift. Additionally, such expenditures must:

- Be consistent with all federal and state legislation;
- Be consistent with all IRS regulations; and
- Meet the test of public scrutiny for appropriateness.

ALLOWABLE AND NONALLOWABLE EXPENSES

Following this policy and procedure statement is a table of allowable and nonallowable expenses. (See [Table 1: Allowable and Nonallowable Expenses](#).) This list is not all-inclusive. Any expense must meet the criteria set out in the overview above. Direct questions regarding expense allowability to the University Controller.

DEPARTMENT RESPONSIBILITIES

Administration of Accounts

Vice presidents, chancellors, or deans (and designees) are responsible for administering discretionary accounts.

Department Approvals and Delegations

Allowable expenses must be approved by a vice president, chancellor, dean, or designee who is responsible for the supporting discretionary account.

A vice president, chancellor, or dean may delegate 17A expenditure authority to subordinates, e.g., associate dean, director, department chair, area finance officer. An official receiving 17A expenditure authority may not delegate that authority further; all such delegations must come directly from the vice president, chancellor, or dean.

To delegate expenditure authority for discretionary accounts, complete and route an Expenditure Authority Delegation form. Send the completed and approved delegation form to the Controller's Office. See *BPPM 70.02*.

Individuals who seek repayment for personally incurred expenses may not authorize their own reimbursements. A request to reimburse a personally incurred expense must be authorized by the claimant's supervisor.

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Responsibility to Monitor Accounts To monitor expendable accounts, departmental personnel compare copies of expense documents with the appropriate Budget Statements (see *BPPM* 30.07) or the online Account Balances/Detail Application (see *BPPM* 85.33).

Avoiding Overdraft Accounts Overdraft accounts are not permitted and must be corrected immediately by revenue or expense transfer. See *BPPM* 30.21.

Departmental Recordkeeping Requirements Departments are responsible for retaining documents relating to expenses in accordance with the current records retention schedule. See *BPPM* 90.01.

CENTRAL RESPONSIBILITIES

Finance Office Responsibilities Controller's Office and Purchasing Services personnel answer inquiries and provide guidance regarding expenses to ensure compliance with University policies and procedures.

The accounting system checks all expenses from discretionary accounts to assure that each expense is in an allowable object category (see *BPPM* 70.09) as defined by the Establishment of Fund form (see *BPPM* 30.75).

Audit Discretionary account records may be subject to public review and are subject to audit by the University's Internal Audit Office and state of Washington auditors.

PROCEDURES - GENERAL

Compliance with Standard Procedures and Forms Departments are to use standard University procedures and forms when making expenditures from discretionary accounts. (See *BPPM* Chapter 70 for purchasing procedures and Chapter 95 for travel procedures.)

Expenditure Justification Department expenditure authority approval on requisitions or other expenses indicates that such expenditures are justified and in line with this 17A policy and the intent of the donor.

Supporting Documentation Allowable expenses must have appropriate supporting receipts in order to be paid.

Expenditure Transfer A vice president, chancellor, dean, or designee who is responsible for the account assuming the expense must approve each expenditure transfer. See *BPPM* 30.25 for expenditure transfer procedures. Transfers must include a brief statement justifying the expense.

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PROCEDURES — PURCHASING

Official University Events

Expenses related to *official University-sponsored events* are often allowable. An official University-sponsored event supports one or more of the University's missions and is approved by a vice president, chancellor, dean, or designee.

Events and Business Entertainment Expenses

Regardless of the method used to pay for the entertainment, the department is to submit the following information with the request for reimbursement or payment:

- Names and titles/relationships to WSU of individuals who entertained or were entertained.

When seeking approval for food and beverages, this list may include the names of the participating organizations or groups when the number of participants is large or when the names of participants are unknown.

- A statement detailing the purpose of the event or entertainment.
- A statement describing how the expense relates to at least one official University mission.

A department may reimburse an employee or directly pay the vendor for entertainment costs.

Employee Reimbursement

A University faculty or staff member may pay for entertainment, e.g., meals, beverages, admission costs, and claim reimbursement from a discretionary account. If the expenses were incurred while the claimant was in travel status, the department must include the expenses on a Travel Expense Voucher along with the rest of the claimant's travel expenses. If the claimant was not traveling when the costs were incurred, the department must use a State of Washington Invoice Voucher to submit the request for reimbursement.

Claimant in Travel Status

For entertainment expenses incurred while in travel status, the claimant's department requests reimbursement for the employee as follows:

- Complete a Travel Expense Voucher for the trip. Include the entertainment costs on the voucher as other expenses. Follow the completion instructions in *BPPM 95.20*.
- Submit vendors' itemized receipts. NOTE: Expenditure authority approval indicates justification of the reimbursement.

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Claimant Not in Travel Status For entertainment expenses incurred while not in travel status, the claimant's department requests reimbursement for the employee as follows:

- Complete a State of Washington Invoice Voucher to obtain reimbursement for most entertainment expenses. See *BPPM 70.20* for employee reimbursement procedures. (See also *BPPM 30.45*.) The State of Washington Invoice Voucher is available in PDF and FileMaker formats on the Procedures, Records, and Forms (PR&F) website at:
policies.wsu.edu/prf/index/forms/
- Submit vendors' itemized receipts. NOTE: Expenditure authority approval indicates justification of the reimbursement.

Claim Approval

The State of Washington Invoice Voucher or Travel Expense Voucher is approved for payment by a vice president, chancellor, dean, or designee who is responsible for the account. The claim is also approved by the claimant's supervisor if not the same individual responsible for the account. No individual may approve a claim to reimburse themselves. A claim to reimburse a vice president, chancellor, dean, or designee must be submitted to their supervisor for approval.

Reimbursement Payment

The Controller's Office distributes the reimbursement payment to the claimant by one of the following methods:

- Postal mail to the claimant's home address.
- Direct deposit to the claimant's bank account, if authorized. The claimant follows the instructions in *BPPM 95.21* to authorize direct deposit of reimbursement payments.

Direct Vendor Payment

The department may pay a vendor directly by using one of the following procedures. Submit a description of the entertainment and a justification statement with the documentation.

Purchasing Card

Use a departmental purchasing card in accordance with the procedures and restrictions in *BPPM 70.08*.

DO

Complete a Department Order. Follow procedures in *BPPM 70.07*.

Departmental Requisition

Complete a Departmental Requisition prior to the entertainment event. (Purchasing Services generates a Purchase Order, which is given to the vendor at the time the entertainment is obtained.) Follow procedures in *BPPM 70.10*.

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IRI

Complete an Interdepartmental Requisition and Invoice if the vendor is a University organization, e.g., Dining Service, CUB. Follow procedures in *BPPM 70.05*.

Vendor's Invoice

Obtain an invoice from the vendor.

Submit the vendor's itemized invoice to Accounts Payable. Add the coding of the supporting account.

NOTE: The total cost may not exceed the current purchasing bid limit. See *BPPM 70.13*.

PROCEDURES - CONTRIBUTIONS TO AGENCY ACCOUNTS

Discretionary account funds may be contributed to an agency account if the recipient organization's activities support a University mission.

To make such a contribution, route a memorandum to the Controller's Office. The memorandum is to include the recipient and donor account codes and be signed by an administrator with expenditure authority for the donor account.

NOTE: Agency accounts include registered student organization (RSO) accounts. See also *BPPM 30.05* and *70.18*. Contact the Controller's Office for more information.

Refer to [Table 1](#): *Allowable and Nonallowable Expenses as needed*.

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Table 1

ALLOWABLE AND NONALLOWABLE EXPENSES	
<i>NOTE: Allowable expenses must have appropriate supporting receipts in order to be paid.</i>	
Types of Expenses	Allowable on Discretionary Funds (17A)?
Events & Business Entertainment:	
Food and nonalcoholic beverages for retirement/departure events for employees retiring or departing from WSU. Only one retirement/departure event per employee may be supported by discretionary funds. Cost per event cannot exceed the allowable per diem for the location and time of the event (i.e., breakfast, lunch, or dinner) per person. (See <i>BPPM</i> 95.19 regarding per diem rates.) Include the expected/estimated number of attendees with the request for payment/reimbursement. NOTE: Retirement/departure means that the employee is terminating employment with the department or with WSU. A position or role change within a department does not qualify as a retirement/departure for which event expenses are allowed.	Yes
Food and nonalcoholic beverages for events held by one WSU department to show appreciation to a different department for providing exceptional service. Event must be nonrecurring and the celebration must be in recognition of a specific incident of outstanding performance. No alcohol may be served. Expenditure is limited to the allowable per diem for the location and time of the event (i.e., breakfast, lunch, or dinner) per attendee. (See <i>BPPM</i> 95.19 regarding per diem rates.)	Yes
Food and nonalcoholic beverages for faculty/staff retreats. Only employees and guest presenters may attend. Event must be held on campus unless a cost savings justification is supplied for an off-campus location. The department must retain documentation of a cost savings. No alcohol may be served. Expenditure is limited to the allowable per diem for the location and time of the event (i.e., breakfast, lunch, or dinner) per attendee. (See <i>BPPM</i> 95.19 regarding per diem rates.)	Yes
Food and nonalcoholic beverages for nonroutine business meetings. Include the expected or estimated number of attendees with the request for payment or reimbursement.	Yes
Food and nonalcoholic beverages for routine faculty and staff meetings.	No
Hosting official University-sponsored events.	Yes
Food and beverages for University employees and guests at official University-sponsored events.	Yes
Food and beverages for welcome events for individual faculty/staff.	No
Celebrations of anniversaries of business units, except for University-sponsored celebrations of significant milestones (e.g., 25th, 50th).	No
Admission fees/charges for employees to attend social or business events when the University requires attendance.	Yes
Meals provided for nonmandatory social meetings without specific business agendas.	No
Meals provided for business meetings on or off-campus with an official visitor in attendance. The visitor's meal expense and the expense for a reasonable number of WSU attendees may be paid.	Yes
Meals for employee/student spouses without a specific business justification.	No

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Types of Expenses	Allowable on Discretionary Funds (17A)?
Events & Business Entertainment (cont.):	
Food and nonalcoholic beverages for division or departmental holiday receptions. Only one event per division or department per year may be supported by discretionary funds. Cost per event cannot exceed the allowable per diem for the location and time of the event (i.e., breakfast, lunch, or dinner) per person. (See <i>BPPM</i> 95.19 regarding per diem rates.) Include the expected/estimated number of attendees with the request for payment or reimbursement.	Yes
Food and nonalcoholic beverages for division or departmental employee appreciation events. Only one event per division or department per year may be supported by discretionary funds. Cost per event cannot exceed the allowable per diem for the location and time of the event (i.e., breakfast, lunch, or dinner) per person. (See <i>BPPM</i> 95.19 regarding per diem rates.) Include the expected/estimated number of attendees with the request for payment or reimbursement.	Yes
Food and beverages for official division or departmental graduation events. Cost per event cannot exceed the allowable per diem for the location and time of the event (i.e., breakfast, lunch, or dinner) per person. (See <i>BPPM</i> 95.19 regarding per diem rates.) Include the expected/estimated number of attendees with the request for payment or reimbursement.	Yes
Food or beverage to celebrate an individual's graduation or completion of a degree.	No
Food and nonalcoholic beverages for student events. Faculty and staff attendance must be less than 10% of total attendance. No alcohol may be served. Expenditures are limited to the allowable per diem for the location and time of the event (i.e., breakfast, lunch, or dinner) per attendee. (See <i>BPPM</i> 95.19 regarding per diem rates.)	Yes
Banquet liquor permits and special occasion licenses for official University-sponsored events (including holiday events, appreciation events, and departure/retirement events (see <i>BPPM</i> 70.29).	Yes
Food and beverages for employee showers, weddings, birthdays, and similar personal life events.	No
Purchase of beverages to be stored for future use except as required by the President or chancellors in their official hosting capacity. Note, however, that unopened beverages from other hosted events can be returned or stored in accordance with <i>BPPM</i> 70.29.	No
Travel:	
Travel expenses that exceed the amount payable from state funds and are related to an employee's official duties. The responsible vice president, chancellor, or dean must approve such expenses.	Yes
Travel expenses for a prospective employee's partner's travel when approved in advance by the responsible appointing authority.	Yes
Travel and related expenses to meet with donors, prospective employees, and prospective students. An official should use discretion when approving such travel and other expenses. He or she should send only the minimum number of employees required to accomplish objectives.	Yes
Business Class (premium class other than first class) airfare when a flight to or from a point outside the continental U.S. is over 14 hours long (not including domestic layover time). Note that such airfare is also allowed on state funds in accordance with <i>BPPM</i> 95.07.	Yes
First Class/Business Class airfare. Exception allowed if individual has a medical exemption from a doctor. For airline club memberships, see the "Memberships" subsection below.	No

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Types of Expenses	Allowable on Discretionary Funds (17A)?
Travel (cont.):	
Airline change fees incurred for health-related reasons.	Yes
Payment of travel meals, lodging, and transportation expenses for an employee's partner, unless the responsible vice president, chancellor, or dean has determined that a partner's attendance is necessary for the conduct of official University business. If the travel is for the partner of a vice president, chancellor, or dean, approval by the supervisor is required. The responsible official must approve such expenses in advance of the travel.	No
Commuting mileage.	No
Moving Expenses:	
Moving expenses including those expenses that exceed the amount payable from state funds when approved in advance by the responsible vice president, chancellor, dean, or designee.	Yes
Memberships:	
Membership dues, a license, or a certification that enhances an employee's ability to perform position duties. The responsible vice president, chancellor, dean, or designee must approve the expense. Lifetime memberships may be purchased only when the membership is in the name of WSU.	Yes
Airline club membership fees where membership is needed for business purposes and is approved by the responsible vice president, chancellor, or dean. If membership is for a vice president, chancellor, or dean, approval by the supervisor is required.	Yes
Employee memberships to civic clubs, unless the memberships are shown to be of specific benefit to WSU. Community involvement is not, in itself, a sufficient benefit. If an exception is granted, the value of the membership is reported to Payroll Services and appropriately taxed as income.	No
Membership dues, a license, or a certification, which does not enhance an employee's ability to perform the duties of her or his position.	No
Awards, Loans, Gifts, and Similar Items:	
Scholarships and fellowships expenses are processed through Student Financial Services and are not subject to procedures in this section. See <i>BPPM</i> 30.90 to authorize and process a departmental scholarship.	Yes
Employee and student excellence awards provided through approved University programs.	Yes
Gifts of tangible property to employees, interns, and/or graduate students in recognition of outstanding performance. Gifts may not exceed \$200 in value. The reason for the award must be performance based. The value of the gift is reported to Payroll Services to be included in income and appropriately taxed.	Yes
Welcome gifts for new employees, interns, and/or graduate students.	No
Retirement gifts with a cumulative value that does not exceed \$200.	Yes
Flowers and other tangible gift items for nonemployees such as donors, special guests or dignitaries, as part of a cultivation process or an expression of appreciation that do not exceed \$200.	Yes

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Types of Expenses	Allowable on Discretionary Funds (17A)?
Awards, Loans, Gifts, and Similar Items (cont.):	
Expressions of sympathy associated with the death or serious illness of an employee, an employee's immediate family member, or a non-University employee with a business connection to the University (e.g. donors, alumni, etc.). Expressions of sympathy include floral arrangements, sympathy cards, and similar items.	Yes
Loans to individuals other than WSU students. Student loans must be processed through Student Financial Services.	No
Gift certificates, flowers, and other tangible gift items for employees or their family members in recognition of holiday events, birthdays, boss's day, administrative assistant day, etc., or as an expression of thanks.	No
Contributions:	
Contributions (cash or non-cash) to a WSU-related organization in support of an official University mission. Such an expense may take the form of a direct purchase on behalf of the organization or a contribution to the organization's account.	Yes
Sponsorships for WSU-related organizations or for civic organizations when the event is specifically related to the departmental mission. The purpose for each attendee's presence at a sponsored table must support the departmental mission. A list of attendees, purpose for attendance, and a description of the benefit to WSU must be included as part of the request for payment.	Yes
Contributions (cash or non-cash) to any individual, organization, or institution that is unrelated to WSU.	No
Supply/Office/Promotional Items:	
Note cards, holiday cards, stationery, and postage for sending welcome, congratulatory, or other communications to faculty, staff, students, donors, alumni, etc. (Note: Electronic communication is strongly encouraged unless circumstances dictate otherwise.)	Yes
Bottled water or water service primarily for the use of employees.	No
Promotional items with University or college logos such as coffee mugs, lapel pins, writing instruments, key chains, t-shirts, etc. that are given to donors. The provision of such items to University employees is prohibited unless the event is a University-sponsored event and the value is of nominal value (less than \$10 per person per year).	Yes
Promotional items, meal tickets/coupons, and other giveaways as an incentive for students to get involved in organizations, clubs, surveys, etc.	Yes
Birthday cards, wedding cards, engagement, cards etc. for employees or their family members.	No
Office decorations for a personal office space.	No
Shirts and other clothing items with WSU logo that staff are required to wear on the job in a public setting while representing WSU.	Yes
Postage for personal correspondence.	No
All purposes for which state of Washington public monies or federal monies are spent.	Yes

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Types of Expenses	Allowable on Discretionary Funds (17A)?
Miscellaneous Items:	
Cash, gift certificates, or other tangible items that are given to participants in research projects.	Yes
Cash advances to support research on an internal grant. Follow the procedure outlined in <i>BPPM</i> 40.21 to request the advance. Retain a log of disbursements and ensure that any unspent funds are returned to WSU.	Yes
Coffee makers and other appliances primarily for employee use. EXCEPTION: Break room refrigerators and microwaves are allowed.	No
Expenses of a personal nature unless the personal benefit is clearly de minimis to the primary purpose of benefiting the University.	No
Fines for illegal actions, e.g., parking or traffic infractions.	No
Purchase of commencement regalia for faculty members, unless the items become the property of WSU.	No
Gratuities not associated with meals, unless specifically permitted by other University regulations.	No