

Using Discretionary FN057 Accounts

NOTE: The website URL for **Workday reference guides** that are referenced in this section is:
<https://confluence.esg.wsu.edu/display/WKB/Workday>

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 FN057 expenditure authority to subordinates. Any approver of FN057 (donated funds) must hold a Gift Manager role in Workday (e.g., associate dean, director, department chair, area finance officer). An official receiving FN057 expenditure authority may not delegate that authority further; all such delegations must come directly from the vice president, chancellor, or dean. (For more information on Workday roles, see the Modernization Security Roles website at:

modernization.wsu.edu/security-roles/

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 expense documents with the applicable Workday report. (See *BPPM 30.07* and the Using Workday Reports reference guide.)

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 spend category as defined by the Gift Use Agreement (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 policy (*BPPM 70.33*) 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* and the Workday Cost Transfer reference guide 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 supplier 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 an Expense Report, noting travel business purpose along with the rest of the claimant's travel expenses. If the claimant was not traveling when the costs were incurred, the employee completes an Expense Report noting the Business Purpose as **Confirming Reimbursement** 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 an Expense Report for the trip. Include the entertainment costs on the report as other expenses. Follow the completion instructions in *BPPM 95.20* and the Workday Create Expense Report reference guide.

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Claimant in Travel Status (cont.)

- Submit supplier' itemized receipts. NOTE: Expenditure authority approval indicates justification of the reimbursement.

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 an Expense Report to obtain reimbursement for most entertainment expenses. See *BPPM 70.20* and the Workday Create Expense Report reference guide for employee reimbursement procedures.
- Submit supplier' itemized receipts. NOTE: Expenditure authority approval indicates justification of the reimbursement.

Claim Approval

The Expense Report 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 Supplier Payment

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

Procurement Card

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

Requisition

Complete a Requisition in Workday. Follow procedures in the Workday Create Requisition reference guide.

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Purchase Order

Complete a Purchase Order in Workday prior to the entertainment event. (Purchasing Services generates a Purchase Order, which is given to the supplier at the time the entertainment is obtained.) See the Workday Create Purchase Order reference guide.

Internal Service Delivery

Create an Internal Service Delivery in Workday if the supplier is a University organization, e.g., Dining Service, CUB. See the Workday Internal Service Delivery reference guide.

NOTE: University personnel that do not have access to the Workday Internal Service Delivery may use the Interdepartmental Requisition and Invoice (IRI) form to requisition supplies and services provided by WSU supplier departments. See *BPPM 70.05*.

Supplier Invoice Request

See the Workday Create Supplier Invoice Request reference guide for information on how to initiate a supplier invoice request in the Workday system. Once the supplier invoice request is approved, it is automatically routed to the Accounts Payable Data Entry Specialist to create the supplier invoice in Workday.

Supplier's Invoice

Obtain an invoice from the supplier.

Submit the supplier's itemized invoice to Accounts Payable. Add the coding of the supporting account. The Accounts Payable Data Entry Specialist then creates the supplier invoice in Workday.

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.

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Table 1

| ALLOWABLE AND NONALLOWABLE EXPENSES | |
|---|--|
| <i>NOTE: Allowable expenses must have appropriate supporting receipts to be paid.</i> | |
| Types of Expenses | Allowable on Discretionary Funds (FN057)? |
| 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 95.19</i> 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 95.19</i> 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 95.19</i> 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 (FN057)? |
|---|---|
| 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 (FN057)? |
|---|---|
| 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 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 their 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 (FN057)? |
|--|---|
| 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 (FN057)? |
|---|--|
| 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 |