OFFICE OF THE CONTROLLER POLICY 11 DISCRETIONARY FUNDS

The University of North Carolina at Greensboro
Approved by Paul Forte, Interim AVC for Finance, October 26, 2021
Revised October 26, 2021

1. Purpose

This policy outlines the University’s general policy related to discretionary funds as discussed in the Basic Spending Guidelines by Fund Source.

2. Scope

This policy applies to all University discretionary funds, regardless of fund source, spent by all departments, units, and divisions, regardless of payment method, including payments through Accounts Payable, SpartanMart, PCard, and Journal Vouchers.

3. Definitions and Roles and Responsibilities

3.1 Definitions

Discretionary funds: non-state unrestricted funds arising from unrestricted and undesignated gifts and investment income.

Tangible personal property: per NC Gen Stat. 105-164.3 as personal property that may be seen, weighed, measured, felt, or touched or is in any manner perceptible to the senses.

W-2 Employee: Salary, hourly, full-time, part-time, temporary or student worker who is paid through UNCG payroll system.

Non-W-2 Employee: individual who is not on UNCG payroll such as but not limited to students, alumni, donor, or student athlete.

4. Policy

4.1 Policy

Discretionary funds are available to the Chancellor for administrative and service functions not met from other funding sources. These funds are available to supplement other resources. This policy also applies to non-operating departmental accounts funded by unrestricted gifts or investment income. The following statements define the framework within which discretionary expenditures are to be made:
Expenditures from Discretionary Funds shall only be made for a valid business purpose that directly benefits the program or objective for which they are received and require prudent and reasonable judgments by those responsible for the funds. With these guiding principles, the use of discretionary funds is flexible in nature but must comply with university policies, standards, and documentation requirements.

Discretionary expenditures may be made to support those representing the University at events in an official capacity, including the Chancellor’s spouse. This may include travel and other related expenses, see Office of the Controller Policy 14 Business Entertainment.

Discretionary expenditures may be made to support events for building or enhancing the campus community and for building relationships and providing services on behalf of UNCG. This may include receptions, mealtime gatherings, dedications, and other events in which the University representation and/or sponsorship are consistent with its mission and expectations.

Discretionary expenditures may be made for educational and general University expenses that could be appropriately met from other fund sources, where funding from other sources is insufficient.

Discretionary expenditures may also be made for administrative expenses not appropriately met from other fund sources. This may include travel to meetings and conferences, business meals, and student and W-2 employee awards. Discretionary expenditures may also be made for expressions of congratulations and sympathy in an official capacity.

4.1 Additional Guidelines

Examples of Allowable Discretionary Expenditures

Floral or gift arrangements, and/or card purchases for an employee as an expression of sympathy due to the hospitalization or death of either the employee or a member of the employee’s immediate family, are allowable. A memorial donation may be made in lieu of a floral or gift arrangement, but the value of either expression of sympathy cannot exceed $150.

Gifts or gift cards specifically for tangible personal property for W-2 employees for reasons outlined in the Procurement Services Policy 15 for Gift Cards are allowed in an amount not to exceed $100 in the calendar year per recipient, unless approved by the appropriate VC or Provost. (An example of a gift card specifically for tangible personal property is a gift card to a specific restaurant) Gift cards specifically for tangible personal property for W-2 employees are preferred to be purchased through the Amazon Punchout using the PCard. Gifts cards can be paid/reimbursed through Accounts Payable via a BANFIN, but this is not the preferred method.
Decors to celebrate our students, including pictures frames
Gift cards for prizes for a student event
Gift card to a student worker for excellent work on a project to a local restaurant, not Amazon, Walmart, VISA, or Target, etc.
Amazon or Target gift card to a student for winning a UNCG sponsored competition
Gift card to an employee to celebrate 25 years of service to a restaurant
Gift cards to students to the UNCG bookstore
Similar purchases to those listed above may be made by the Advancement or departmental offices for major donors.
Gifts and/or gift cards may be purchased from Athletic funds for student athletes in accordance with NCAA guidelines and UNCG’s procedures for distribution of gift cards.

Examples of Unallowable Discretionary Expenditures

The purchase of gift cards NOT specifically for tangible personal property for W-2 employees are not considered “de minimis” by the IRS and is taxable to the employee and thereby not allowed. A gift card for general merchandise, such as a “Visa” or Walmart or Amazon gift card, is not for specific tangible personal property; and therefore, is not allowable for a W-2 employee.

Gifts to individual employees from any source of funds or for any purpose, except for service recognition, retirement, and sympathy gifts.
Gifts for employees, employee family members, or students in celebration of a birthday.
Gifts for employees, employee family members, or students for graduation.
Gifts for employees, employee family members, or students in celebration of a wedding or anniversary.
Gifts for employees, employee family members, or students in celebration of the birth or adoption of a child.

Decors not benefiting UNCG, such as office plants, rugs, etc.
Honoraria for employees, these need to go through payroll.

5. Compliance and Enforcement

The University Controller is responsible for ensuring compliance with this policy.
6. **Additional Information**

6.1 **Supporting Documents**

- *Spending Guidelines*
- *Office of the Controller Policy 14 Business Entertainment*
- *Procurement Services Policy 15 Gift Cards and Gift Certificates*
- *Amazon Punchout Instructions*

6.2 **Threshold for Reportable Gifts, Awards, and Prizes**

Gifts to W-2 employees exceeding $100 may be taxable and must be reported to the Controller’s Office.

Gifts to non-W-2 employees exceeding $600 may be taxable and must be reported to the Controller’s Office.

If the threshold is exceeded, supporting documentation needs to be sent to the below contact. Please include all the support for the gift(s) including the recipient’s information and recordkeeping of type of cards given and amounts. Additional information may be needed by Accounts Payable if the IRS form 1099 is required for non-W-2 employees.

6.3 **Approval Authority**

This policy should be approved by the Interim Associate Vice Chancellor for Finance.

6.3 **Contacts for Additional Information and Reporting**

- Responsible Executive and Administrator: Mandy Nash, Assistant Controller for Operations, (336)334-5180, awnash@uncg.edu