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1. General

This policy discusses allowable and unallowable expenditures for the procurement of supplies, materials, equipment, and contractual services, and the reimbursement of employees for business-related expenses. As a major public institution funded in part by state allocations and student tuition, the University of New Mexico is held to a high level of accountability for its business practices. All expenditures of University funds should clearly and directly support the University’s mission of teaching, research, patient care, and community service.

When potential expenditures are questionable, or not specifically addressed in this policy, advance confirmation should be sought by contacting the appropriate Financial Services accounting office (see http://fssc.unm.edu/). Academic and administrative units may establish their own internal reimbursement policies that are more restrictive than this policy.

2. Types of Funds

2.1. University Funds

All funds received by the University (“University funds”) must be expended through University accounting systems and in accordance with University policy. For this reason, unless the Executive Vice President for Administration grants prior written approval for depositing funds in a non-University account, all University funds must be deposited in a University account.

2.1.1. Contract and Grant Funds


University funds obtained through contract and grant awards are subject to special restrictions. The funds must be expended in accordance with applicable laws, the rules and regulations of the granting entity, and the terms and conditions of the grant. The principal investigators for contracts and grants are responsible for ensuring that expenditures of award funds comply with these restrictions.

2.2. Foundation Funds

Funds in accounts established and held by the University of New Mexico Foundation ("Foundation funds") are expended in accordance with the Foundation's policies and procedures and in accordance with donors’ intent. As described in Section 13 below, in certain circumstances Foundation funds may be used to pay or reimburse expenditures related to the University’s development activities and other events, including expenditures that would not be allowable under this policy using University funds.

3. Fiscal Responsibility

The intent of this policy is to enable managers of University funds to perform their duties, to encourage fiscal responsibility, and to achieve the maximum benefit from University resources.

Managers of University funds must ensure that any obligation for the procurement of goods and services is supported by appropriate financial resources and approved by the person in the department who has authority over the account.

4. Accountable Plan

4.1. Business Purpose

Under the Internal Revenue Service’s regulations, reimbursements and payments for ordinary and necessary business-related expenses that are not lavish or extravagant are excluded from taxable compensation when made under an “accountable plan” policy. Otherwise, the reimbursements or payments that employees receive for approved expenditures will be considered part of their taxable compensation. Ordinary is defined as “common in [a] field of trade, business, or profession” and necessary as “helpful and appropriate for [a] business.” To qualify as business expenses, expenditures must be directly related to or associated with the University’s mission.

4.2. Documentation

In order to qualify as an accountable plan, requests for reimbursement or payment must be submitted within sixty (60) calendar days after the date the expenses were paid or incurred, and have a valid UNM business purpose as described in Section 4.1. Reimbursements and payments will not be processed if submitted more
than one hundred and eighty (180) calendar days after the expenses were paid or incurred. Departments are responsible for providing sufficient documentation to satisfy the five “Ws”:

- **Who**—names of the individuals attending
- **What**—what is being paid
- **When**—dates
- **Where**—location of the event
- **Why**—purpose of the event

5. **Food and Refreshments for Employee Events and Meetings**

5.1. **Business Meetings**

When meetings of an administrative nature are held that are directly related to the business of the University, the cost of meals or light refreshments may be paid from University funds. Meals must be necessary and integral to the business meeting, not a matter of personal convenience. The meetings should take place over an extended time and if an agenda is prepared for the meeting it should include a working meal to indicate the meal is part of a business function.

The expenditure of funds for food and refreshments should be cost-effective and reasonable. Generally, **meal costs** should be comparable to **state per diem meal rates**, and **light refreshments** should cost no more than five dollars ($5.00) per attendee.

The provision of food for gatherings of University employees on a daily or similar ongoing basis is not considered to be an appropriate use of University funds. Food may be provided at meetings of University employees on an occasional basis.

Food and refreshments may be purchased with University funds for one or more of the following purposes or activities:

- Recognition or promotion of exemplary academic achievement, or scholarship, such as induction into prestigious honorific professional societies and distinguished prizes, awards, or accomplishments or service.
- Facilitation of the communication of intellectual ideas among students, faculty, staff, administrators, and community members.
- Meetings with community leaders regarding the role of the University in the community.
- Recognition and appreciation of volunteers who work on the University’s behalf.
• Official meetings of the University with national laboratories, other colleges and universities, and community partners regarding the improvement and enhancement of existing or future agreements and other partnerships.

• Meetings of the Board of Regents, accrediting agencies and organizations, officials from other universities, public officials, and community members in supporting, inspecting, and reviewing the University’s facilities and programs.

• Workshops and seminars.

• Retreats of departments or other units.

• Working lunches when that is the only available time for all parties to attend the meeting.

Expenditures should be limited to food and non-alcoholic beverages.

5.2. Hospitality Events That Include Outside Parties

Reasonable expenses for light refreshments and meal expenses may be allowed for hospitality events that include both University employees and invited guests of the University. In order to be allowable, hospitality events must promote or advance the University’s mission.

All requests for reimbursement of hospitality expenditures must be accompanied by a list of the individuals attending the function and their affiliation. For functions attended by more than twenty (20) people or open to the public, a description of the function and guest list is sufficient.

The following are examples of allowable hospitality events:

• Receptions to honor visitors, guests, or dignitaries.

• Receptions for the opening of new exhibits at University facilities.

• Recruitment of highly qualified faculty and staff.

• Receptions in connection with an academic conference.

5.2.1. Alcoholic Beverages

Alcoholic beverages are allowable at hospitality events when such beverages are customary and reasonable considering the facts and circumstances of the particular event. All on-campus use of alcohol must be consistent with UAP 2140 (“Use and Possession of Alcohol on University Property”) and be limited to beer and wine. The amount expended for alcohol may not exceed thirty percent (30%) of the total amount expended for food. Alcohol normally may not be purchased with University funds for on-campus events at which only University
employees are present. Individual units of the University may establish their own internal policies on the purchase of alcohol that are stricter than the provisions of this policy.

No contract and grant funds may be used to purchase alcohol as a hospitality expense.

Alcohol purchased for resale by units with liquor permits (such as University Club, Tap Room, golf courses, and University Stadium) or for medical or research use is not subject to this policy.

5.3. Coffee Break and Refreshment Supplies

Supplies for coffee breaks, office refreshments, bottled water, and related items are considered personal items and may not be purchased with University funds. Exceptions may be made for certain units that routinely host members of the public. Coffee and other beverages that are purchased with University funds for guests should not be used for employees unless consumed in conjunction with University guests.

5.4. Food and Refreshments for Student Events and Meetings

The University sanctions and sponsors certain student-centered events and meetings that are designed to supplement classroom learning and allow students to gain leadership skills, develop connections to the campus community, engage in service work, and recognize student accomplishments. Engaging students in these ways helps to fulfill the core mission of the University, enhance student life, and promote academic success. Food and refreshments may be an integral part of these events. It is not possible to specify all the student events or meetings that would warrant expenditures for food and refreshments, but several examples are provided below:

- Events or meetings that are officially sponsored or sanctioned by the Office of the Vice President for Student Affairs or any of the departments within that division.

- Events for the purpose of recognizing or promoting academic and leadership achievement, athletic achievement, scholarship, or service to the University or the state.

- Events or meetings that promote the communication of intellectual ideas among students, faculty, staff, administrators, and representatives of the public.

- Events or meetings that promote and create campus community and engagement.

- Events or meetings that recruit students to programs or groups.

Chartered student organizations further the common interests of members of the group and the University community, while creating opportunities for learning that supplement and reinforce classroom activities. Funds that the Associated Students of the University of New Mexico ("ASUNM") or the Graduate and Professional Student Association ("GPSA") allocates to chartered student organizations may be used for food and refreshments to the extent that such expenditures were included in the organizations’ budgets approved by
ASUNM or GPSA as part of the allocation process. This provision also applies to the Residence Hall Association, Residence Life, and student hall associations.

6. Personal Benefit

It is prohibited to use University funds for any type of personal benefit, other than for salary and benefits to which employees are entitled under University policy. Common examples of personal expenses that cannot be reimbursed with University funds are listed below:

- **Advances and Loans.** No advances or loans to employees may be made, unless approved by other University published policy such as UAP 4030 (“Travel”) or a deferred payment program specifically approved by the Board of Regents.

- **Fines and Penalties.** Fines and other penalties incurred by an employee in violation of public policy, including parking and traffic fines, may not be paid with University funds.

- **Events and Gifts.** The purchase of expenses for events (such as farewell, service recognition, or retirement parties) and for personal gifts, (such as including flowers and other gifts expressing sympathy, bereavement, or congratulations to faculty, staff, students, or their families) are prohibited uses of University funds, unless approved by other University published policies, such as the recognition programs discussed in UAP 3235 (“Staff Recognition Programs”) and the employee service awards discussed in UAP 3745 (“Service Awards”).

- **Fines and Penalties.** Fines and other penalties incurred by an employee in violation of public policy, including parking and traffic fines, may not be paid with University funds.

- **Identification Items.** Personal identification items such as drivers' licenses, passports, and LoboCards are prohibited, including initial applications, renewals, and replacements for these items. However, if an employee requires a different type of LoboCard (or Health Sciences Center identification badge) due to a change in technology, such as a change from keys to proximity cards, then University funds may be used to cover the cost of the LoboCard (or Health Sciences Center identification badge).

- **Membership and Dues.** Payments for memberships in community and business organizations are allowed only when the University employee serves as an official representative of the University. Memberships, license fees, and dues to professional organizations are allowable expenditures only when they benefit the University and are approved by the department head, dean, or director having budgetary authority over the funds to be expended.

- **Stolen Items.** Individuals may not be reimbursed for personal items that were stolen from University buildings.

- **Tuition and Related Costs.** University funds may not be used to pay for tuition for University credit courses, books, school supplies, or other University fees, unless authorized by University Administrative Policies (such
as the tuition remission program) or other University published policy (such as teaching, research, and graduate assistantships).

- **Vehicles.** University funds may *not* be used to pay for the maintenance and upkeep of privately owned vehicles, such as insurance, fuel, tune-ups, lubricants, tires, licenses, and other repairs, even though these vehicles may be used for University business, unless specifically approved by the Board of Regents. The employee may, however, be eligible for mileage allowance reimbursement under UAP 4030 (“Travel”).

- **Work Clothes.** The purchase of work clothes or the cleaning, alteration, or repair of personal clothing is prohibited, except when: (i) the expenses are necessary for the performance of the job and required by the University, or (ii) the expenses fulfill a business need; or (iii) the expenses are authorized in a contract between the University and a union.

### 7. Holiday Decorations

University funds may *not* be used to purchase holiday decorations for University offices and buildings, except for holiday decorations in the Students Union Building and University Bookstores that do not exceed one hundred dollars ($100.00).

### 8. Political and Charitable Contributions

Using University funds to make political contributions to individuals or organizations is *strictly prohibited*. Charitable contributions to individuals and organizations, including non-profits, are *generally prohibited*. Such contributions may be allowable when they have a University business purpose, are consistent with the University’s mission, and provide value to the University. Additionally, the contributions may be allowable if they fall within one of the exceptions of the so-called *Anti-Donation Clause in Article IX, Section 14 of the New Mexico Constitution*. Under the Anti-Donation Clause, the University is *generally prohibited* from making charitable contributions to non-state entities.

### 9. Insurance Coverage

The purchase of insurance coverage that replicates University insurance (such as risk management coverage of University equipment) is *prohibited*.

### 10. Transportation for Impaired Employees

The cost of transporting impaired employees to their homes is *allowed*. For more information, see Section 2.2 of UAP 3270 (“Suspected Employee Impairment at Work”) and Section B of Human Resources’ Impaired Performance Incident Checklist.

### 11. Conflicts of Interest
University employees are expected to maintain the highest standards of business ethics and not use their positions to enhance their direct or indirect financial interests. Contracts with firms, including sole proprietorships, in which current University employees have a direct or indirect financial interest (other than as owner of less than one percent [1\%] of the stock of a publicly traded corporation) are prohibited. For additional information, refer to UAP 3720 (“Employee Code of Conduct and Conflicts of Interest”). Section 6.2 of UAP 3210 (“Recruitment and Hiring”), which pertains to employment of relatives and household members, will also apply to contracts with independent contractors.

Contracts with firms, including sole proprietorships, in which individuals who were University employees within the preceding twelve (12) months have a significant financial interest are prohibited unless:

- the contract did not result from an official act of the individual while an employee, as determined by the Executive Vice President for Administration, and
- the contract was granted under competitive bid and the bid did not take advantage of knowledge gained as an employee.

12. Goods or Services

Payment for goods or services not received is prohibited. For procedures on prepayments refer to Section 3.3 of UAP 4370 (“Receiving and Paying for Off Campus Purchases With a Purchase Order”).

13. Using Foundation Funds for Development Activities and Other Events

The University of New Mexico Foundation may, at the request of the University President, Provost, Chancellor, Executive Vice Presidents (“Account Executives”), or other University officials designated by the above, establish accounts to reimburse or pay for the University’s development activities and other events using specially designated Foundation funds. For purposes of this policy, development activities and other events refer to expenses incurred for travel, meals, events, and gifts that seek to establish or deepen the University’s relationship with prospective donors, community groups, elected officials, individuals, entities, or agencies.

The following expenses are illustrative examples of development activities and other events that may be reimbursed or paid for under this provision, even if the expenses would not be allowable for payment with University funds under this policy:

- table sponsorships
- gifts of appreciation or recognition (e.g., flowers, books, and Lobo items)
- receptions
meals, including alcoholic beverages

fund-raising events

Prior to payment from the Foundation established accounts, all appropriate documentation of the expenditure is reviewed and approved by the applicable Account Executive, who must certify on the Foundation’s Request for Expenditure Form that no University funds have been used to pay for the expenditure. The Account Executive should forward the Foundation’s Request for Expenditure Form and the appropriate documentation of the expenditure to the Foundation for payment. Appropriate documentation includes an explanation and description of the business purpose of the development activity or other event, names of participants, and invoices or itemized receipts.

Any payments from Foundation established accounts which are deemed to be taxable compensation (such as spousal travel) shall be reported to the individual and the Internal Revenue Service.

14. Discounts

Discounts that are not offered equally to all University employees are prohibited. Allowable discounts greater than twenty (20) percent are taxable income and subject to withholding.

15. Public Purpose

Payment for any other good or service that does not represent a public purpose benefiting the University is prohibited.

16. Exceptions

Any exceptions to this policy that are not otherwise provided for must be approved, in advance and in writing, by the Executive Vice President for Administration, the Provost, or Chancellor. Any such exception must be consistent with the University’s mission and not provide a personal benefit to a University employee.

17. Other Related Policies

For policies on allowable and unallowable expenditures for:

- travel, refer to UAP 4030 (“Travel”);
- recruitment and hiring of new employees, refer to UAP 4040 (“Employee Recruitment Expense Reimbursement”);
- payment of relocation expenses for new employees, refer to UAP 4020 (“Moving Expenses and Relocation Allowance”); and
- federally funded contracts and grants, refer to UAP 2410 (“Accounting for Federally-Defined Allowable and Unallowable Costs”).