



## Angelo State University – Operating Policy and Procedure

### **OP 54.06: Expenditure of Restricted Gift Funds**

**DATE:** March 12, 2012

**PURPOSE:** The purpose of this Operating Policy and/or Procedure (OP) is to establish policies and procedures for the expenditure of restricted gift funds.

**REVIEW:** This OP will be reviewed in June of odd numbered years by the vice president for finance and administration (VPFA) and the vice president for development and alumni relations with recommended revisions through the vice presidents to the president by July 15 of the same year.

### **POLICY/PROCEDURE**

#### **1. Background**

In general, it is understood at the university that the receipt and use of restricted gift funds are not subject to the same restrictions as apply to state funds. It is necessary to have specific rules to make sure funds may be used for restricted gift purposes. It is also desirable to have specific rules that establish an acceptable campus-wide standard for the use of these funds.

To satisfy these needs, the operating policy outlined below was developed and approved for use in administering restricted gift funds in each management unit. The responsibility for using restricted funds prudently and in accordance with the guideline is at the level of vice president or dean, although responsibility for day-to-day disbursements may be delegated.

Existing restricted gift fund accounts have provided greater flexibility and discretion in achieving the educational and research missions of the university. Compliance with the enclosed guideline will assure continued acceptance of the non-public designation for restricted gifts.

#### **2. Operating Policy**

The university continually receives monies and properties conveyed as gifts or bequests by various donors for the direct support of the university's educational and research mission. These gifts are dedicated to various instructional or administrative programs in accordance with the desires of the respective donors.

The responsibility for **using restricted gift funds prudently and in accordance with the policy and procedures** stated herein will be at the level of the vice president or dean designated to administer such funds. Procedures for expenditures of these funds shall apply to existing as well as future accounts.

### 3. Policy

University funds that are classified as restricted gift funds shall be subject to the following policies with respect to the receipt and expenditure thereof:

Specific donor intentions regarding the expenditure of gifts or bequests are communicated to the Office of Development. Unless otherwise determined, only those gifts received with specific limitations will qualify as restricted gift funds.

- a. Restricted gift fund revenues shall be promptly transmitted to the Office of Development, deposited in Angelo State University bank accounts, and invested or disbursed through normal procedures, appropriately recorded and separately accounted for in university ledger accounts. This separate accountability is required to prevent commingling of non-public funds with public funds, and to ensure the restricted gift nature of these restricted gifts. Expenditures from restricted gift funds will be documented and processed for payment in accordance with the policies and procedures set forth below and with such additional instructions to implement these policies and procedures as may be established from time to time by the vice president for finance and administration.
- b. Proposals for the establishment of a restricted gift fund shall be directed to the vice president for finance and administration by the vice president for development and alumni relations. The purpose of the fund will be specified in accordance with the donor's intentions. Such funds must be approved by the vice president for finance and administration. With this approval, an account will be established for the disbursement of the funds received.
- c. The purpose of restricted gift funds is to give university officers greater flexibility in achieving the missions of their units. To facilitate review and to achieve consistency in application of the policy stated herein, accountability for the use of restricted gift funds will be at the level of the vice president or dean, although responsibility for day-to-day disbursements may be delegated to principal assistants within their organizations. Restricted gift fund balances should be maintained at a level necessary for ongoing program requirements. Large accumulations of funds designated as restricted gifts beyond this level will be discouraged.
- d. **Restricted gift funds shall be used only for the direct benefit of the program or objective for which they were received.** Any separate benefit that might accrue to the donor, or to a faculty or staff member, from the use of such funds must be clearly incidental to the primary purpose for which they were received and accepted. Funds will not be established where the major contributor and principal user or person controlling the fund is the same individual.
- e. With the best interest of the university as the basic premise, **prudent judgment and reasonableness will govern the general range of allowable expenditures from restricted gift funds.** Without limiting the scope thereof, restricted gift funds may be expended:
  - (1) For all purposes allowed by the Angelo State University policies and regulations covering public funds generally.

- (2) For such purposes that are objectively determined to be ordinary and necessary to the **prudent and resourceful conduct** of the program for which the fund was established, but which are otherwise not allowable expenditures from public funds and therefore must be paid from non-public restricted gift funding sources.
- f. As a matter of university policy, payment of salaries, wages, stipends and personal services, contracts, building alterations, and the purchase of equipment and printing from restricted gift funds shall be made in compliance with applicable statutes and prescribed university regulations regardless of the source of funds. Exceptions to this policy will be referred to the vice president for finance and administration.
- g. Restricted gift funds shall be expended through the use of normal university forms (e.g., purchase requisitions, travel expense vouchers, invoice vouchers, etc.), accompanied by receipts or vendor invoices and must be approved by the appropriate vice president or dean accountable for the expenditure of such funds.
- h. All pertinent records related to the receipt and disbursement of restricted gift funds shall be maintained in accordance with university regulations. Internal audits will be performed periodically to insure consistent application of this and other appropriate policies.