

PURPOSE

UK's Discretionary Expenditure Policy ensures high-level accountability for public entity business practices and provides guidance on funding requirements to ensure that discretionary expenditures only occur when necessary and appropriate.

POLICY HIGHLIGHTS

The University is allowed to reimburse or pay for expenses that are necessary and reasonable. Certain types of expenditures require caution; these expenses are categorized and entitled discretionary.

✓ A clear business purpose must exist that contains all information to substantiate the expenditure.

✓ Supporting documentation must include an itemized receipt with time, place, and date of the purchase, as well as a list of attendees and agenda for food purchases.

FUND SOURCES

- ✓ Private donations
- ✓ Self-supporting activities that charge fees to specifically support discretionary expenditures

EXPENSES THAT MUST ALWAYS USE DISCRETIONARY FUNDS

- Alcohol
- Sporting event tickets
- Office decorations
- Public relations activities and events
- Refreshments for department use
- Retirement celebrations for employees
- Special purpose cards (greeting and holiday)
- Sponsorships
- Employee memorial/serious illness or immediate family
- Friends or donor appreciation/congratulatory or special occasions
- Friends or donor memorial/serious illness

EXPENSES THAT CAN NEVER USE DISCRETIONARY FUNDS

- Contributions/cash donations
- Individual memberships to civic, service, private clubs
- Employee appreciation/congratulatory or special occasions (see [BPM E-7-12](#) for Employee Awards)

EXPENSES THAT MAY USE EITHER NON-DISCRETIONARY OR DISCRETIONARY FUNDS

- Professional membership dues
- Professional licenses and certifications
- Employee retirement gifts (*limited to \$400, cash gifts not allowed*)
- Faculty/staff orientation and receptions
- University fund raising activities
- Hosting official guests of the university
- Recruitment expenses

University of Kentucky Discretionary Expenditures Guide



University Financial Services

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This guide provides a brief overview of Discretionary Fund policies and categories. For the complete Discretionary Policy please see [BPM E-7-10](#).

RESPONSIBILITIES

- **Units** - Review funding source and ensure discretionary funds are available before ordering
- **Business Officers** - Ensure proper funding of discretionary expenses is used, review PRDs, POs and procard expense reports, ensure faculty and staff are adequately trained and understand their fiscal responsibilities
- **Deans/Directors** - Provide oversight of unit/college activities
- **UFS** - Oversee discretionary expenditure policy
- **Accounts Payable Services** - Final review of discretionary expenditures when payment is made via PRD and conduct random audits on Concur expense reports

PROCEDURES

Expenses must be paid using the Payment Request Document (PRD), purchase order (PO), or the procurement card.

See the [Purchasing/AP Quick Reference Guide](#) for allowable payment types for each category.

E-7-10 DETAILED

ALCOHOL

Alcoholic beverages must be charged to a discretionary cost center using account code **GL 540356** unless a rare Exception to Policy has been granted in advance by UFS.

Meals must always be separated between Food and Alcohol

CONFERENCES AND MEETINGS

Expenses require a business purpose consistent with the mission of the College, Division, or Department and should be paid from revenue from the event. Documentation should include business purpose, written agenda, list of attendees, and itemized receipt with time, place and date of the meal.

If expenses include alcoholic beverages, the alcohol must be paid with discretionary funds. *(Not allowable on a sponsored project unless prior approval is received from sponsor.)*

CONTRIBUTIONS

Cash donations are not allowed from any funds.

DEPARTMENTAL SOCIAL ACTIVITIES

Activities such as going away parties, holiday parties or team building activities should always be paid with discretionary funds.

DUES/MEMBERSHIPS

Individual memberships to civic, service or private clubs are not allowed from any funds. Professional membership dues, licenses and certifications are permitted from both discretionary and non-discretionary funds.

GIFTS

Appreciation, congratulatory or special occasion gifts for employees are not allowed from any funds. These type of gifts for friends or donors must be paid using discretionary funds.

Memorial or serious illness gifts for employees, friends or donors must be paid with discretionary funds and are limited to \$150, including delivery fee.

Employee retirement gifts are limited to \$400 and can be paid with both discretionary and non-discretionary funds. Cash or cash-equivalent are not allowed. Retirement gifts are not allowed on sponsored projects.

SPORTING EVENT TICKETS/ADMISSION

Sporting event tickets, including both UK and Keeneland, must be paid using discretionary funds.

UK sporting events require appropriate approval from Athletics and a [UK Athletics Purchase Detail - Ticket/Facilities form](#). They may include a ticket/admission for a University host and partner/spouse/adult guest.

A Purchase Detail - Ticket/Facilities form must be submitted for all UK Athletics tickets