



THE UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL


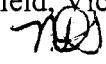
Office of the Provost

April 2, 2001

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**MEMORANDUM**

TO: Deans, Directors and Department Chairs

FROM: Robert Shelton, Executive Vice Chancellor and Provost   
Nancy Suttentfield, Vice Chancellor for Finance and Administration 

RE: Guidelines on Expenditure of Discretionary Funds

The University of North Carolina at Chapel Hill receives funds from a number of different sources that can be used in pursuing the University's valid purposes. Discretionary funds, those that are not budgeted to be used for some specified purpose, can be used to meet a broad range of University needs. The flexibility that is associated with discretionary funds is vitally important to the University. At the same time expenditures of discretionary funds must be consistent with a number of general guidelines as set out below.

- Each expenditure of discretionary funds must be for a valid University purpose. These expenditures (whether for meals, travel, lodging, entertainment, official functions, gifts and awards, or memberships) must follow any University policies that apply to that type of expenditure and must be accompanied by appropriate documentation.

The very flexibility associated with discretionary funds means that the propriety of some expenditures will require judgment. In these cases, the prudent person test applies. The individual making the decision about the expenditure must be comfortable with the prospect that the specific expenditure would come under the scrutiny of individuals outside the University.

- Expenditures that confer a personal benefit upon the individual authorizing the expenditure are not allowable. Expenditures for items such as a retirement gift or an employee award that are authorized by one individual to be received by another are allowable.

Use of discretionary funds for donations or contributions to other organizations is not permitted.

If you have questions regarding these guidelines, please contact Mr. Roger Patterson, Associate Vice Chancellor for Finance, at 962-7242, or Mr. Dennis Press, University Controller, at 962-1370.