



North Carolina A&T State University
Division of Business and Finance
Basic Spending Guidelines
by Fund Source

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Basic Spending Guidelines by Fund Source

Introduction

The University maintains a wide range of funding sources, each with distinct spending requirements and restrictions. While it is not possible to develop guidelines that address every potential expenditure scenario, these standards are intended to provide a clear framework for informed decision-making. These guidelines establish fundamental expectations, directions, and precedents to help employees make sound, responsible spending decisions. They are designed to support the effective execution of the University's mission while ensuring that all expenditures are fiscally responsible and compliant with applicable laws and policies. At all times, employees are expected to adhere to established purchasing guidelines when procuring goods and services.

All Sources of Funds

Appearance and Reasonableness Tests

For all potential expenditures, regardless of the funding source, the "appearance test" should be applied. That is, employees should consider how a purchase would be perceived by external stakeholders if it appeared on the front page of a newspaper or on social media. Another important consideration is whether the expenditure is necessary for a faculty or staff member to perform the duties of their position, or for the University to carry out its normal operations. Applying these tests will help guide sound decision-making. At all times, employees are expected to manage University funds responsibly and with prudent judgment.

Exceptions and Interpretations

If an individual believes an exception to these guidelines is warranted, they should submit a request to their division business officer for consideration. The division business officer, or their designee, will collaborate with the University's Deputy Chief Financial Officer or Vice Chancellor for Business and Finance to evaluate the request, including the level of flexibility available, the associated University business purpose, and any alternative options.

Leadership Responsibilities

Unit leaders including any individual responsible for funds within a fund or organization, such as principal investigators for research projects—are responsible for ensuring that all expenditures align with University policies, applicable regulations, and sound business practices.

These leaders are accountable for the appropriate stewardship of funds within their areas of oversight and for establishing and maintaining internal controls that support compliance and fiscal responsibility. They must ensure that proper documentation standards are followed and that only authorized expenditures are charged to the appropriate funds and organizations.

In addition, unit leaders are responsible for reviewing the financial activity of all assigned funds and organizations on at least a monthly basis and ensuring that any identified errors are promptly corrected. Finally, they are responsible for ensuring that all trust funds maintain a zero or positive cash balance at all times.

Payments to Employees

Regardless of funding source, payments to employees are limited to authorized reimbursements, authorized service awards, or authorized salaries. Employee compensation (payments to employees for work) must be processed through the University payroll system and administered in accordance with guidelines established by the Department of Human Resources.

Travel Reimbursements and Expenditures

Comprehensive travel reimbursement procedures may be found in the [University Travel Policy](#). This manual includes requirements and procedures for reimbursement of costs for conferences, training sessions, and management retreats even when travel is not involved.

In accordance with IRS regulations, the University operates under an “Accountable Plan” to reimburse employees for business-related expenses on a tax-free basis. This plan applies to all funding sources and requires that expenses have a clear business purpose and be submitted within a reasonable timeframe.

Any reimbursements not in compliance with these requirements must be treated as supplemental wages and are subject to applicable income tax withholding, as well as Social Security, Medicare, and FUTA taxes.

The University’s travel policies and procedures are based on the State Budget Manual, [section 5](#), which establishes requirements for travel authorization and reimbursement for official state business. Administration and oversight of travel activities are further governed by North Carolina General Statutes (G.S.) [138-5](#), [138-6](#), and [138-7](#).

All University travel is subject to the availability of funds. The travel policies and procedures outlined in the State Budget Manual apply to all University funds deposited with the State Treasurer, whether derived from state appropriations or non-state funds (e.g., institutional trust funds, contracts, grants, other sponsored research funds, and receipt supported programs/activities).

Penalties and charges resulting from the cancellation of a trip, such as airfare, hotel reservations, conference registration, etc., may be paid by a unit if the employee’s trip was pre-approved and the cancellation or change is made at the direction of and/or for the convenience of the unit. If the cancellation or change occurred for the employee’s personal benefit, it is the employee’s obligation to pay the penalties and charges. In the event of an accident, major disaster, serious illness, or death within the employee’s immediate family, or other critical circumstance beyond the employee’s control, the department may pay the penalties and charges.

Telephone Use and Mobile Communication Devices

Use of University-funded telephones, including landlines and cellular phones, is solely for official University business. Policies governing use and restrictions are cited in the [University's Acceptable Use Policy](#) and [Mobile Communication Device \(MCD\) policy](#).

Moving Allowances and Expenses

The hiring approval process may include the payment of reasonable relocation expenses in accordance with the University's policy on [Employee Moving Allowances and Expenses \(Aggie Hub, North Carolina A&T State University\)](#). When approved, non-state funds must be used to cover these costs. All expenses must be carefully documented and charged to the appropriate fund and account.

All payments or reimbursements for moving expenses are considered taxable income to the employee. Reimbursements will be processed through payroll, with applicable withholdings deducted at the time of payment.

Expenditure Account Codes

Expenditure account codes are codes that must be used when processing financial transactions to identify various classes of expenditures, for example, salaries, travel, supplies, equipment, etc. This coding structure enables the University to generate accurate reports and analyze expenditures by category for budgeting, compliance, and decision-making.

Information regarding expenditure account codes for expenditures may be found on the Controller's Office, Financial Reporting website under [Account Codes](#).

Program (Purpose) Code Attributes

Program (purpose) codes are used to classify financial activity by function, such as instruction, institutional support, research, or public service. With the exception of certain grants, these codes are not entered directly when processing transactions. Instead, they are assigned within the financial system when a fund is established. Because financial reporting requires clear functional classification, each fund is assigned to only one program (purpose) code and cannot span multiple functions.

Funding Sources

General Fund (State)

State Budget Codes – General Operating Funds

These funds include state appropriations, federal appropriations, and receipt-supported funds within state budget codes. They support expenditures necessary for the University's day-to-day operations. The nature and appropriateness of expenditures depend on the unit's mission and the assigned program (purpose) code. With limited statutory exceptions that allow a small portion of appropriations to be carried forward, general operating funds must be fully expended by the end of the fiscal year. The University adheres to the rules, regulations, and guidelines outlined in the Budget Manual issued by the Office of State Budget and Management (OSBM)

Miscellaneous State Budget Code Rules

The following provides information on many specific items as to their allowableness or prohibition for expenditure from state operating funds. This is not an exhaustive listing, however; these are some of the most frequent items that are encountered.

- a. **Membership Dues** - Membership dues may not be paid for individual employees or for the benefit of an individual employee. Membership dues paid from state funds must be for the benefit of the University and not the individual. If the University is to benefit from an individual's membership in an organization, that benefit should derive not because of the individual, but because of the individual's position with the University, regardless of who is in the position. Although a membership may be in the name of an individual, his/her membership terminates at the same time he/she terminates employment with the University or moves to another department.
- b. **Passports and Visas** - Reimbursements for costs incurred in obtaining or renewing a passport may be made to an employee who, in the regular course of his/her duties, is required to travel overseas in the furtherance of official University business. Passport expenses are chargeable to the same fund that supports the employee's trip. The University also interprets this to mean that similar related fees or expenses such as required visas may also be reimbursed.
- c. **Immigration and Naturalization (INS) Fees** - Payment of INS fees is allowable if the fees are for paperwork required of the employer and not the employee. Allowable fees include payment for the I-129, the I-140, and the I-907. Payment for processing forms (for example, I-485, I-765, and I-539) required of the prospective employees are not allowable. The expediting fee for an H-1B Visa may be paid from state funds if the salary source is state funds.
- d. **Scholarships** - Scholarships may be paid from state funds only if they are part of a legislatively approved and separately budgeted scholarship program.
- e. **Promotional Items** - A promotional item is an item purchased for advertising purposes. Normally, the item would have the name of a department or program printed on it with a message or telephone number. Promotional items paid from state funds should be of minimal value and should be charged to the advertising account (object) code 73700. In the case of office supplies which may have the name of a department printed on them at nominal cost, these items would be coded to the supplies account (object) code.

Unallowable Purchases from State Budget Codes

The use of State Funds to purchase any of the following is not permitted:

a. **Alcoholic Beverages**

The use of State Funds to purchase alcoholic beverages and “setups” is strictly prohibited.

b. **Personal Use Items**

The use of State Funds to purchase items for personal use is prohibited.

c. **Refreshments**

Food, coffee, tea, drinks, bottled water, candy, snacks, break refreshments, etc., except for those provided under University and state travel regulations are not allowable. Any such items intended for personal human consumption by employees and not for animal research are explicitly prohibited. The State Budget Manual gives specific requirements and limitations for internal and external conferences. Additional conditions and limitations on payment for meals apply. – See State Budget Manual [sections 7.2 -7.4](#).

d. **Decorative Items: Flowers, Plants and Food (Including Holiday and Seasonal Varieties)**

The use of State Funds to purchase live or artificial flowers and plants or food as a decorative item is prohibited unless such items are being purchased for use in research, education or for consumption by research animals.

e. **Medications/Medical Supplies**

The use of State Funds to purchase medications (e.g., pain relievers, aspirin, among others) or medical supplies for employees other than as may be required by federal or state regulations or for emergency first aid is prohibited.

f. **Office Appliances**

The use of State Funds to purchase microwave ovens, coffee pots, refrigerators, or related items for personal office use is prohibited. This prohibition does not extend to equipment or supplies used for educational or research purposes, or to equipment purchased for the use of all employees in outfitting a building.

g. **Frames**

The use of State Funds to pay for frames (e.g., pictures, art, diplomas, among others) for use in a personal office for decorative purposes is prohibited. Exceptions are only allowed for the purchase or framing of motivational or informational wall hangings that are functional, rather than for an individual office.

h. **Party Items**

The use of State Funds to purchase decorative and party items, including balloons, flowers and other comparable items, is prohibited.

i. **Picnic Tables**

The use of State Funds to purchase picnic tables for a department other than by Facilities Services as part of a campus construction, maintenance, or renovation project is prohibited.

j. **Picnic Items**

The use of State Funds to purchase picnic items (e.g., paper plates, cups, napkins, forks, spoons, among others) for office/employee use is prohibited.

k. **Portable Water Dispensers**

The use of State Funds to pay for the rental of portable water dispensers and the purchase of bottled water is prohibited. Exceptions to this rule can be granted only in the following instances:

- When Environment, Health and Safety (EHS) has deemed the water quality in a campus building to be below state standards for human consumption.
- When EHS is conducting testing to determine a building's water safety.
- When University personnel (e.g., Facilities Services) work in conditions where water is unavailable.
- When Facilities Services is performing maintenance on a building, the building's water supply becomes temporarily unavailable.

In these instances, a portable water dispenser may be rented or bottled water purchased using State Funds or F&A Funds upon approval by the Vice chancellor for Business and Finance (or their designee) or, when appropriate, the Associate Vice Chancellor for Facilities.

l. **Gifts, Flowers, and Cards**

The use of State Funds to purchase gifts, gift cards, gift certificates or flowers for an employee or non-employee or greeting or holiday cards of any kind is prohibited, as these items are considered personal expenses.

m. **Clothing Items**

The use of State Funds to purchase personal clothing items (ex. t-shirts, sweatshirts, etc.) that are not part of required uniforms or are not safety-related are prohibited.

State-Appropriated Carryforward Funds

State appropriated carryforward funds are state operating funds that were not expended by June 30 of a fiscal year and have been approved to carry forward into the next fiscal year. Expenditures from these funds are subject to the same guidelines as regular state-appropriated operating funds.

However, with appropriate approvals related to capital improvement budgets and inclusion in the budget flexibility plan, these funds may be transferred to capital improvement codes and used for renovation and/or new construction projects. Once transferred to a capital improvement code, carryforward funds cannot be moved back to an operating code.

Institutional Trust Funds ([General Statute 116-36.1](#))

Institutional Trust Funds are Proprietary Funds on deposit with the North Carolina Department of State Treasurer and are considered a type of State funds by [G.S. 143C-1-1](#). They are not subject to the budget process of the State Budget Act; however, these funds are subject to other applicable statutes and session laws such as capital projects, travel, and personnel. Categories of Institutional Trust Funds follow.

Auxiliary and Other Trust Funds

Auxiliary Funds are self-supporting operations that generate revenue to support the University's service mission. University Auxiliary Operations are non-academic services funded by user fees paid by the campus community or the public. Examples include residence halls, dining services, parking, and bookstore. Expenditures from auxiliary funds and other institutional trust funds must follow the same guidelines used for state funds except when used for certain program related activities as noted in the fund authority for the respective fund. **No additional benefits, compensation, food, or other items that would be unallowable from state funds may be provided to University employees, except as otherwise noted in the applicable sections.** The purchase of alcoholic beverages with auxiliary funds is strictly prohibited.

Student Fee Trust Funds

Student Activity Fee Funds can be used for student programs and events, provided the student budget process is followed. Notably, Student Activity Fee Funds may not be expended on activities for University staff or University staff offices that could not be purchased with State Funds. No extra benefits, compensation, food, gifts, or other items that could not be paid for from State Funds may be provided to University employees except where food is incidentally served to employees attending a student function. The purchase of alcoholic beverages is strictly prohibited. Refer to [Student Fee Regulation](#) for additional guidelines.

Other students' fees such as Education & Technology Fee Funds (E&T) may be used to support items for courses or curricula, including hardware, software applications, supplies for educational materials, and laboratory expenses and equipment. Personnel expenses are permitted for employees who work with student educational programs and activities, and other educational activities. Refer to [Student Fee Regulation](#) for additional guidelines.

Orientation Fee Trust Funds

Orientation Fees Funds support first-year and transfer student orientation programs. The fees may be used to cover standard orientation expenses, including food and refreshments for attendees, orientation training (including training retreats), and other necessary expenses to provide a comprehensive orientation experience for students. Funds may not be used for refreshments at University staff meetings or other business outside the retreat, orientation training program, or orientation program. The purchase of alcoholic beverages is strictly prohibited.

Receipts from Vending Facilities Trust Funds

Per North Carolina general statutes [[N.C.G.S. 116-2](#). and [N.C.G.S. 111-42\(d\)](#)], the term “vending facilities” includes both of the following descriptions:

- a. any mechanical or electronic device dispensing items or something of value or entertainment or services for a fee, regardless of the method of activation, and regardless of the means of payment, whether by coin, currency, tokens, or other means; and
- b. a snack bar, cafeteria, restaurant, café, concession stand, vending stand, cart services, or other facilities at which food, drinks, novelties, newspapers, periodicals, confections, souvenirs, tobacco products, or related items are regularly sold.

UNC Board of Governors [Policy 600.5.1](#) restricts the use of vending receipts. The following uses of net proceeds from the operations of vending facilities are authorized:

- a. Scholarships and other direct student financial aid programs;
- b. Debt service on self-liquidating facilities;
- c. Any of the following student activities if authorized by the Chancellor:
 - Social and recreational activities for students residing in self-supporting Housing & Residence Life facilities. However, expenditures for these purposes shall not exceed the amount of total net proceeds derived from vending facilities located in such facilities;
 - Special orientation programs for targeted groups of students (e.g., peer mentor programs);
 - Operating expenses of scholarships and student awards and honors programs; and
 - Supplementary student center operating support. However, expenditures for this purpose shall not exceed the total net proceeds derived from vending facilities located in such student center facilities.
- d. Specified use of net proceeds as a condition of certain gifts, grants, or bequests. For example, a condition of a gift of a vending facility to the University might be that proceeds are to support some specific segment of the University.
- e. Retention to provide for working capital, replacement of facilities and equipment, and other purposes to support the continuing, orderly operation of the particular self-supporting service operation.
- f. Transfers to other self-supporting student service operations and authorized capital improvement projects, upon the written recommendation of the University’s Chancellor and subject to the written, advance approval of the UNC President. [[N.C.G.S. 116-36.4](#)]

Facilities and Administrative (Overhead Receipts) Trust Funds

Facilities and Administrative (F&A) receipt funds represent the reimbursement of indirect costs earned on grants. The F&A rate is the mechanism used to recover the University's infrastructure and support costs associated with sponsored research and other sponsored projects. These funds must follow the same expenditure guidelines as state-appropriated operating funds. With approval from the Vice Chancellor for Business and Finance, F&A receipt funds may be transferred to the capital improvement budget for use in renovation or new construction projects.

Sponsored Programs Trust Funds

Sponsored Program awards are restricted funds received from federal, state, municipal, non-profit, and industry sponsors to support a specific use or purpose defined in the award document or agreement. These funds must comply with state-appropriated funds guidelines, as well as sponsor specific terms and conditions outlined in the award, unless an exception is explicitly permitted.

Any exception to the state fund guidelines must be reviewed and approved by the Vice Chancellor for Research. An example of an exception would include allowances for food costs for seminars or workshops associated with the objectives of the award.

Sponsored Program funds may also be subject to Cost Accounting Standards (CAS) as established in the Office of Management and Budget (OMB) [Uniform Guidance Cost Principles \(was A-21\)](#). Cost Accounting Standards and other guidance in Code of Federal Regulations (CFR) are applicable to Federal and Federal flow-through awards, as well as other external funds referencing CFR Part 200 and/or CAS in their terms and conditions.

Visit the website for more information on Contracts and Grants policies and procedures: [Policies and Procedures - Aggie Hub | North Carolina A&T State University](#).

Residual Funds Related to Sponsored Programs Trust Funds

When the sponsor authorizes the University to retain unobligated fund balances, expenditures of remaining balances must be related to research unless the fund balances are from grants and contracts that are not research related. Examples include public service or educational grants and contracts. In those cases, the residual fund expenditures should be related to those purposes.

Gift and Endowment Income Trust Funds

Expenditures from gift and endowment income funds must be made prudently, with careful consideration of the donor's intent and in full compliance with the restrictions outlined in the fund authority. All expenditures must primarily benefit the University and may not be used for the direct personal benefit of any employee.

Endowment Principal Trust Funds

Endowment principal funds represent gifts or trust assets provided to the University for long-term investment, with the objective of generating income. The income produced may be either unrestricted or designated for a specific purpose, as defined by the donor.

A request to establish an endowment fund should include the following:

- The original or copy of the gift agreement, bequest, or other governing gift document;
- A description of the source of funds;
- The stated purpose of the fund, how the generated income earned is to be used and the activities or functions it will support;
- Any donor-imposed restrictions on allowable expenditures;
- The name of the individual/position authorized to approve expenditures from the endowment income; and
- The official name of the fund.

Expenditures are not permitted from endowment principal funds. All allowable expenditures must be made from the associated endowment spendable (income) funds.

Endowment Spendable Trust Funds

A spending distribution may be authorized once an endowment's fair market value, expressed as a percentage of its corpus value, reaches a designated threshold. The University Endowment Board establishes both the threshold and the spending distribution rate for endowment funds under its oversight, ensuring consistency in their application.

For endowment funds managed by other University-affiliated foundations, the respective Boards of Directors are responsible for establishing the applicable threshold and spending distribution rate.

All expenditures from endowment spendable funds must be properly approved and must align with the stated purpose of the fund, as defined in the fund authority.

Patent Royalty Trust Funds

Patent royalty funds are royalties derived from the licensing of a patent. These funds must be used for the support of research. They are flexible in nature and may be used like unrestricted gifts, including payment for events such as an Awards Banquet and other items which could not normally be paid from state funds if the funding is for the benefit of the University and not for the personal benefit of an individual.

Unrestricted Trust Funds

Unrestricted funds are for a specific purpose and can be used to meet a broad range of University needs. The flexibility that is associated with unrestricted funds is vitally important to the University. At the same time expenditures of unrestricted funds must be consistent with a number of general guidelines as set out below.

All discretionary fund expenditures must serve a legitimate University purpose. Expenses—whether for meals, travel, lodging, entertainment, official functions, gifts and awards, or memberships—must comply with all applicable University policies governing each type of expenditure. Each expense must also be supported by appropriate documentation, including receipts, a clear statement of purpose, date, location, and the names of individuals involved.

The flexibility inherent in discretionary funds requires sound judgement in determining the appropriateness of certain expenditures. In these cases, the prudent person standard should be applied. The individual authorizing the expenditure must be confident that it would withstand scrutiny from individuals outside of the University. **Expenditures that confer a personal benefit upon the individual authorizing the expenditures are not allowable.**

Contributions and Donations

Use of unrestricted funds for donations or contributions to non-profit organizations is not permitted unless a substantial University purpose can be demonstrated and the receipt of the donation by the organization does not threaten the tax-exempt status of the University or its foundations. Political contributions are not allowed.

Special Funds ([General Statute 116-36.2](#))

Special Funds are on deposit with the North Carolina Department of State Treasurer, and although outside of the General Fund and Institutional Trust Funds, they are another type of State fund. They are not subject to the budget process of the State Budget Act; but they are subject to other applicable statutes and session laws such as capital projects, travel, and personnel. Categories of Special Funds follow.

Intercollegiate Athletic Funds

These funds are generated by the student athletic fee, gate receipts, and other related revenues and are used to support intercollegiate athletic programs of the University. Refer to [Student Fee Regulation](#) for additional guidelines.

Agency Trust Funds

This category includes funds held by the University as fiscal agent for students, faculty, and staff organizations where it has been deemed in the best interests of the University to provide an accounting service. These funds do not belong to the University, and the University does not determine how they can be spent except as follows:

- a. The University requires a formal approval process to ensure, to the extent possible, that funds within these projects are not misused.
- b. The funds should not be spent for any purpose which would be detrimental to the image of the University.

Adequate documentation is required to ensure that an authorized employee is initiating an expenditure request. Most agency projects are student organization projects or clearing accounts utilized by the Controller's Office.

Foundation Funds

The University affiliated foundations are legally separate organizations and are not subject to the University and State spending policies specified in this document. However, the guidance outlined in the "All Source Funds" section above should be considered when using foundation funds. All expenditures from foundation funds must follow restrictions set by the donor and should be supported by appropriate documentation and approvals.

Additional Information

Expediting Fee for H-1B Visa Forms (Form I-907)

Payments for expediting fees for H-1B Visa Forms may track the salary funding source so long as the payment is made for a business reason and for the convenience of the University and not for the employee. Regardless, contracts and grants funds may not be used to pay the fee for any reason. The expediting fee is considered a business expense and is classified as a recruitment expense and/or a retention expense.

Contact Information for Questions

No set guidelines can be written that address every imaginable expenditure decision that may arise. Consequently, as a rule, University employees and affiliates are expected to exercise sound judgment and prudent fiscal management when making expenditure decisions. In cases where unique situations arise that are not covered by these guidelines, please contact universityacctoffice@ncat.edu before committing, expending, or reimbursing University funds.

Resources

1. [Quick Reference for Spending](#)
2. [NC A&T University Policies](#)
3. [North Carolina State Budget Manual](#)
4. [UNC System Code and Policy Manual](#)
5. [University Controller's Website](#)
6. [Procurement Services Website](#)