North Carolina School of Science and Mathematics

Trust Fund Spending Guidelines

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Introduction

NCSSM has a wide variety of sources of funds for the various Trust Funds, each of which has its own spending characteristics. No set of guidelines can be written that addresses every possible expenditure decision which may arise. There are some basic rules, regulations, and precedents which are presented here, however, which can help to guide an employee in making wise spending decisions. These guidelines are provided to ensure that faculty/staff can carry out NCSSM’s mission effectively, while ensuring that fiscally wise, politically sound, and legal spending practices are followed.

All Trust Funds

Appearance and Reasonableness Tests

For all potential expenditures for all Trust Funds, the “appearance test” should be used, (i.e., how would this purchase look to external constituents if placed on the front page of a newspaper). Another test that is useful is to ask the question “Is this expenditure necessary for a faculty/staff member to do his/her job or for NCSSM to carry on its normal business?” The utilization of these tests should help to guide faculty/staff members in their decision-making. At all times, faculty/staff are encouraged to avoid the appearance of poor management of funds as well as the reality of poor management of funds.

Exceptions and Interpretations

Every attempt has been made to make these guidelines comprehensive. There may be cases, however, which would fall outside the guidelines and yet are legal expenditures and in the best interests of NCSSM. If a case occurs in which an individual believes an exception should be made to the guidelines, he/she should request from the Department Dean/Director that an individual determination be made on a particular item. The Department Dean/Director, will work with the Director of Finance and Budget to determine the latitude available on the request, NCSSM business purpose of the request, and other options which may be available.

Payments to Employees

Regardless of funding source, payments to employees are limited to authorized reimbursements, authorized awards, or authorized salaries. Payments to employees for compensation for work must follow guidelines published by Human Resources and must be initiated through the BEACON payroll system.

Personal reimbursements for items such as supplies, travel, or meals to an employee must be approved by an individual at a higher level of authority in NCSSM’s organization. The Business Office Policies and Procedures Manual is on the Uni-Center under the Business Office.
Adverse Weather Events and Other Emergency Conditions

In case of adverse weather conditions, the following code system will be in effect:
CODE GREEN: School is open and all employees should report to work.
CODE YELLOW: School is open. Employees should be cautious in report to work.
CODE RED: School is closed for employees except essential personnel. No regular classes are schedule and the following procedures are followed:

- By 10 a.m., teachers provide some work for students to do.
- Students are expected to check e-mail to find their assignments.
- Students who are away from campus or otherwise not able to do the assignment are allowed to make it up without penalty.
- Students are not required to attend a class meeting on the Code Red day, so they would be doing assignments on their own schedule.

In the event of inclement weather, the code for the day will be posted on the weather hotline:  (919) 416-2872

Contact to local television stations will be done as a secondary measure only. Staff and students should also pay close attention to www.ncssm.edu/ataglance for updates and announcements.

Before School Hours: NCSSM employees are urged to use their own judgment and report to their duties when it is safe to do so. Persons who will be delayed arriving to work more than one hour should call their supervisor's office to explain the delay.

During Work Hours: When weather conditions develop during the day which will influence safe return home, the chancellor or designee will communicate via special memo to all offices that department supervisors should encourage all nonessential employees to leave.

a. Inclement Weather Policy For EPA Employees
Employees exempt from the State Personnel Act are allowed three days each year which are not to be charged to vacation leave when the weather prevents them from coming to school. Every day beyond these three days will be recorded as vacation leave.

Instructors are expected to provide information to academic deans to enable assignments to be given and instruction to continue by students independently or with other supervision. Depending upon whether the academic dean is able to be present, it may also be important to provide the same information to other qualified staff or to students in the class.

In any year when the number of days of inclement weather has been unusually high, the Chancellor may make adjustments to this policy. Such adjustments will be reported to the Board of Trustees at its regular meeting following the Chancellor's action.
b. Inclement Weather Procedure for SPA Employees

For employees subject to the State Personnel Act, work time missed due to inclement weather may be charged to vacation leave or made up during the pay period or as soon as practical. State policy allows up to twelve months to make up time missed due to adverse weather.

Penalties and Charges Resulting from Cancellations of Travel Reservations

Penalties and charges resulting from the cancellation of travel reservations (including airline or hotel reservations and conference registrations) may be paid by a department if the employee’s travel has been approved in advance and the cancellation or change is made at the direction of and/or for the convenience of the department. If the cancellation or change is made for the personal benefit of the employee, it is the employee’s obligation to pay the penalties and charges. In the event of accidents, a major disaster, a serious illness or death within the employee’s immediate family, or other critical circumstances beyond the control of the employee, the department may pay the penalties and charges.

Travel Reimbursements and Expenditures

A complete set of travel reimbursement procedures may be found at the NCSSM UniCenter under Business Office procedures.

Long Distance Telephone Calls

Long distance telephone calls are allowable from NCSSM funds only for NCSSM business except in the event of an emergency or certain situations allowable during travel status.

Should emergency circumstances arise which necessitate a NCSSM employee to make a personal long distance or cellular phone call not covered in the above, the employee should immediately notify his or her supervisor and make arrangements to reimburse NCSSM.

Expenditure Object Codes (North Carolina Accounting System – NCAS)

Expenditure object codes are codes that must be used when processing financial transactions to identify various classes of expenditures, for example, salaries, travel, supplies, equipment, etc. The actual codes will provide even more detailed breakdowns of these groupings. This coding scheme gives NCSSM the ability to create reports that include, or are broken down by, the various classes of expenditures.

Information regarding expenditure account codes for coding expenditures may be found at: Office of the State Controller’s website for the North Carolina Accounting System – Data Elements (http://www.osc.nc.gov/sigdocs/sig_docs/sigNCAS_DataElements.html)
State Budget Codes - Trust Funds
(Fund 66094 – Trust Funds)

The Trust Funds are organized into functional funds in the North Carolina Accounting System. The major items include:

RCC 2114 The Embodied Presidency (Federal)
RCC 6111 Janson Royalties
RCC 6211 Student Deposits
RCC 6311 Endowment Fund (zero balance)
RCC 6511 Student Publications (zero balance)
RCC 6612 Native American Pow-Pow (zero balance)
RCC 6812 Alumni Reunion

Miscellaneous State Budget Code Rules

The following provides information on many specific items as to their allowability or prohibition for expenditures from State operating funds and Trust Funds:

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 NCSSM and not the individual. If NCSSM 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 NCSSM, 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 NCSSM or moves to another department.

Unallowable Purchases from State Budget Codes and Trust Funds

There are some purchases that are specifically not allowable from state funds and trust funds. Listed below is information about unallowable purchases:

1. The purchase of alcoholic beverages and “setups” is prohibited from state funds and trust funds.
2. The purchase of items for personal use is prohibited. This includes promotional or give away items per the Office of State Budget and Management.
3. The purchase of food, coffee, tea, drinks, candy, snacks, break refreshments, etc. for consumption by employees or guests is prohibited from state operating funds under all circumstances other than those provided for under NCSSM and state travel regulations. The travel regulations provide specific guidance as to allowable reimbursable expenses for meals when in travel status. State budget regulations do provide for the purchase of refreshments for coffee breaks not to exceed $4/person for meetings/conferences which are planned in detail in advance, with a formal agenda or curriculum, where there is a formal written invitation to participants setting forth the calendar of events and the detailed schedule of costs, and there are twenty (20) or more participants per day.
4. The purchase of medications (pain relievers, aspirin, etc.) and/or medical supplies for staff/employees other than as may be required by federal or state regulations or for emergency first aid is not allowable.

5. The purchase of microwave ovens, coffee pots, refrigerators, or related items for personal office use is not allowable. This prohibition does not extend to equipment or supplies utilized for educational or research purposes.

6. The purchase of plants or flowers (live or artificial) for decorative use in an office is prohibited.

7. The purchase or framing of pictures, art, diplomas, etc. for use in a personal office for decorative purposes is not allowed.

8. The purchase of party items or other decorative items to decorate an office for a holiday or party or general decorative use including the purchase of balloons and other like items is not allowable.

9. The purchase of picnic tables for a department other than by the Plant Facilities Department as part of the campus maintenance function is not allowable.

10. The purchase of picnic items (paper plates, cups, napkins, forks, spoons, etc.) for office/employee use is not allowable.

11. The rental of portable water dispensers and the purchase of bottled water from state funds is not normally (see exceptions below) allowable and is considered a personal expense. In the event that the quality of the water in a campus building is in question, the department should call the Director of Plant Facilities to have the water tested. The Plant Facilities Department may be contacted to determine if additional water fountains are needed in a campus building. A portable water dispenser can be rented or bottled water purchased from state appropriated or overhead funds only if there is a health/safety reason for the purchase. Examples would be if a temporary condition existed where water quality in a facility was below state standards or when NCSSM personnel (for example, Plant Facilities' personnel) are working under weather or other conditions where water is not available otherwise.

12. The purchase of gifts or flowers for an employee or non-employee is considered a personal expense and is not allowable.

13. The purchase of get well cards, sympathy cards, birthday cards, Christmas cards, or other holiday cards is considered a personal expense and is not allowable.

14. The purchase of personal clothing items or t-shirts which are not part of required uniforms, is not allowable.

Contracts and Grants Trust Funds
(Trust Funds 66094)

Contracts and grants must follow all state appropriated funds guidelines, sponsor specific terms, and conditions noted in the awards documents unless excepted as noted below.

Exceptions to the state funds guidelines must be discussed with/approved by the Chancellor and Vice Chancellor for Finance and Operations. An example of an exception would include a Federal or Federal flow through sponsor specifically allowing for the payment of travel expenses at a Federal per diem rate (for example, for foreign travel) or allowances for food costs for seminars or workshops associated with the objectives of the award.
Contracts and grants may also be subject to Cost Accounting Standards (CAS) set forth in OMB Circular A-21. Cost Accounting Standards and other guidance in Circular A-21 are applicable to Federal and Federal flow through awards as well as any other external funds referencing Circular A-21 and/or CAS in their terms and conditions. The Indirect Cost Rate Agreement is issued by the U.S. Department of Education pursuant to the authority cited in Attachment A of OMB Circular A-87.

**Endowment Principal Trust Funds**
(Trust Funds 66094 RCC 6311)

Endowment principal funds are funds provided to NCSSM, normally in the form of a trust or gift, for investment to generate income. The income may be unrestricted or restricted for a particular purpose. NCSSM does not have any funds in its Endowment Fund.

Expenditures are not allowable against these endowment principal funds. All endowment related expenditures must be made from *endowment income projects* (see below).

**Endowment Income Trust Funds**
(Trust Funds 66094)

Expenditures from endowment income funds must be made prudently with the intent of the donor in mind and follow the restrictions set by the donor subject to the approval of the Chancellor. The primary purpose of an expenditure must be for the benefit of NCSSM and, therefore, not for the direct benefit of an employee. NCSSM does not have any funds in its Endowment Fund.

**Patent Royalty Trust Funds**
(Trust Funds 66094 RCC 6111 Janson Royalties)

Patent royalty funds are royalties derived from licensing of a patent. The NCSSM Board of Trustees approved the Patent and Copyright Policies. The Chancellor shall appoint a Patent Committee, of no less than three members, to review and recommend to the Chancellor the expenditure of funds from the Patent and Copyright Trust Fund.