

Title: Allowable Use of University Private Funds

Effective Date: 7/1/25

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I. Purpose

This Procedure applies to all employees of Virginia Polytechnic Institute and State University (hereafter referred to as “the University”), with budget authority to spend private fund sources.

II. Scope

The University's procedure is to ensure that private funds are used appropriately for business-related expenditures in compliance with donor restrictions and applicable regulations. These funds are reported in the University’s financial statements and are subject to audit by both University and foundation auditors. Purchases should align with the University’s mission and must not create conflicts of interest.

III. Procedures

All University employees are expected to follow University policies, guidelines and procedures for procuring and expensing travel, business meals, and other goods and services, regardless of fund source. All purchasing, regardless of fund source, should originate through university procurement channels. Expenses for standard University business should be handled through the University and not invoiced directly through its affiliated organization(s). When activities may warrant direct expenditure through the Foundation, a clear justification must be documented and approved by University Procurement. Note: All expenses must have appropriate authorization and documentation, including itemized receipts if applicable.

A. Employee compensation – University employees may have all or a portion of their salary, wages, and related benefits supported by charging to this new Private fund series.

B. Goods and Services – All purchasing activity shall follow established procurement procedures. The University may use Private funds for official university business activities that comply with donor intent, separately or in conjunction with other university funds. Private funds are the most flexible source of funds and should be used to supplement other sources of funding as appropriate. Where indicated below, private fund expenses are capped at a maximum -- not to exceed -- allowable level as shown, whether independent or in combination with any other fund sources.

1. Employee Business Travel – travel that has been pre-approved by an employee’s supervisor (or designee) and designated budget approver that directly supports the mission of the University, professional development, or job-related activity.

- *Car Rental GPS and Fuel Service Plans* – allowable on Private funds with a bona fide business purpose
- *Car Rental Insurance* – allowable only in extreme circumstances with justification as to why traveler could not use the car rental contract.
- *Tips* – Allowed up to 20% of total charge.
- *Business Class Upgrades* for flights lasting less than 8 hours with appropriate justification. Note: First class flights are strictly prohibited without regard to fund source.
- *Baggage Fees, Parking, Tolls, Resort Fees* – allowed with bona fide business purpose.
- *Conference Lodging in excess of three times the Nightly Rate* - Allowed with the appropriate documentation.
- *Non-Conference Lodging* – Allowable with appropriate documentation if the cost exceeds three times the per diem rate.
- *Per Diem for Meals* – 100% of the GSA reimbursement per diem rate is allowed on Private funds for all business travel days.

2. **Non-employee Business Travel** – Private funds may cover the cost of travel for certain non-employees including, but not limited to, individuals who are candidates for a position with the University, guest lecturers, outside consultants, potential donors, or other professionals who have been engaged by the University. Allowable expenses and expense limits for non-employee business travel shall be consistent with the items outlined in Section III. B.

3. **Business meals, including catered events, not related to travel** – Food and non-alcoholic beverages served at business meals that do not occur when an employee is in travel status (see III. B1 above) can fall into 6 categories:

- *Business Meals Involving External Parties* - allowed up to three times the standard per diem rate. Examples include meals with job candidates, potential donors, guest speakers or other invited guests of the University, including guests' spouses, if appropriate.
- *Internal Training and Related Business Functions* – allowed up to three times the standard per diem rate
- *Events with Students* - allowable up to three times the standard meal rate for academic as well as non-academic events.
- *Retirement or Employee Appreciation Events* – allowed up to three times of the standard per diem rate.
- *Employee Only Meals* – allowed up to three times the standard meal rate. These activities may only be expensed to funds designated specifically for this purpose.

4. **Alcohol** - Departments may use private funds for alcoholic beverages as a part of catering expenses or reimbursement if it is reasonable in relation to the event, location, and customary hospitality expectations.

5. **Flowers/plants** – Private funds may be used for flowers for university events with a bona fide business purpose (e.g., Commencement or Charter Day ceremonies, public performances, or other public events), to decorate public common areas in University buildings, to recognize volunteers, donors or other non-employees, or in sympathy for the death of an employee's

immediate family member. Each arrangement not for public display is capped at \$150, including tax, tip, and delivery.

6. **Non-cash Gifts and Recognition** – A non-cash gift or award of up to \$100 may be provided to students, employees, volunteers and other non-employees in recognition of their contributions to the University. Gifts/awards may include food, flowers or gifts; however, cash and gift certificates redeemable for general merchandise or with a cash value are taxable and never considered de minimis benefit.

7. **Public Art** – Consistent with any policies or procedures set forth by the University’s design review board, Private funds may be used to purchase art for public spaces.

8. **Office Beverages** – Coffee, tea, water or other beverages available for visitors and guests may be purchased with approval by the Department Head.

IV. Payment Processing

1. Employees will use University financial processes and ERP systems to procure goods and services, submit invoices and reimbursement requests, award scholarships and compensation, and reconcile payments using Private funds, ensuring proper account coding and tracking.
2. Supporting documentation, such as invoices and receipts, must be attached to all payment requests.
3. VTF controller staff will affirm the activity is in accordance with donor intent and allowable prior to payment.

V. Cash Management

1. The university controller’s office will request cash transfers for Private fund reimbursements under this procedure from the Virginia Tech Foundation on a schedule to be agreed upon with the foundation, and not less frequently than one time each month.
2. The setup of new Private funds will be administered by the Virginia Tech Foundation.
3. University departments may elect to record encumbrances, in addition to those recorded centrally for activities initiated in the University’s ERP systems, to earmark Private fund commitments. Encumbrances will not be reflected in the available balance listed in the Foundation’s system of record and will be released upon payment or cancellation.
4. Transfers of cash balances between Private funds must be processed by the Foundation whereas moving expenditures between Private funds are initiated in the University Journal Entry Process.

VI. Exceptions

Limited exceptions may be provided in the following instances:

1. Expenses from the designated Private funds are consistent with the budget approved by the responsible party; and
2. Expenses as recommended by the Director of Procurement or designee from Private funds specifically identified or approved by the Executive Vice President and Chief Operating Officer for a strategic purpose.

VII. Definitions

Public Funds - Funds appropriated by the Commonwealth of Virginia, such as state general fund (taxpayer) dollars; tuition and fee revenue; auxiliary enterprises, including revenues derived from student housing, dining, and athletics, etc.; student financial assistance, and financial assistance for educational and general services, including direct and indirect revenue received for sponsored programs.

Private Funds – Pursuant to CAPP Manual Topic 20205, non-public funds are subject to audit by the Auditor of Public Accounts (APA) and authorized public accounting firms. Examples of University Private funds include, but are not limited to:

- **Unrestricted or restricted gifts or donations to the University** – Gift funds or related income earned on those funds that are controlled by and expensed directly from the university, not an affiliated University.
- **Other unrestricted or restricted funds that support standard University business operations** - Funds that have been established to allow for expenditures through the University but are supported by gifts maintained by the University's affiliated Foundation. Expenses to these funds are covered by a transfer of revenue from one of the affiliated Foundations.

Allowable Expenditures – Items for which University Private funds can be used to cover the cost with appropriate documentation of standard University business in compliance with donor intent or legal obligations.

Donor Intent –The fiduciary responsibility for evaluating alignment with donor intent or legal obligations resides with the Virginia Tech Foundation, Inc.

Standard University Business – Routine business expenses such as personnel costs, office materials and supplies, equipment, business travel, meals and incidentals for routine operations that support the University mission.

Standard Lodging Rates – Rates established by the federal government based on location and month of travel.

Meal Per Diems – Rates established by the federal government based by location.

Employee Only Business Meals – A meal involving only University employees that does not involve training and/or business meetings.

V. Approval and Amendment

- Questions about the implementation of this procedure or its interpretation should be directed to the Controller's Office for questions related to Travel and Reimbursement and the Procurement Office for questions related to Goods and Services

VI. Related Policies or Other Documents

- [Account Payable Procedures](#)
- [Travel Procedures](#)
- [How Do I Buy](#)
- [Higher Ed Manual](#)