

Allowable and Unallowable Expenditures

I. The following items cannot be purchased from any University funds regardless of the source (appropriated, local, grants, etc.). Exceptions can be made for certain situations if prior approval is received from the Vice President for Administration and Finance. If an employee is uncertain whether an expense is allowable, please seek prior approval from the Business Office. **This list is not all-inclusive**

1. Alcoholic beverages
2. Car washes
3. Cards, pictures, frames, decorations, balloons and wrapping paper
4. Clothing
5. Coffee pots, coffee and cups
6. Fans, heaters, lamps, clocks, and occasional/accent furniture items.
7. Flowers and plants
8. Food and beverages including meals, snacks and refreshments for departmental activities
9. Gifts and donations
10. Parking permits or tickets
11. Personal care items (e.g., tissues, bandages and aspirin)
12. Personal dues and memberships (memberships related to an employee's job duties and carried in the name of the University are allowable)
13. Phone cards
14. Scantron cards for resale to students
15. Stamps
16. Water coolers and water
17. Gift Certificates and Gift Cards

II. Retirement and farewell gifts can be purchased with MSU local funds when an employee has a minimum of fifteen years of service to MSU. The value of the gift per employee is limited to \$100 and must be purchased with local funds. Gifts can not be in the form of a gift certificate.

III. Purchasing food and beverages from Chartwells is allowable only when non-employees are part of a business-related function. Local funds should be used if available. Before a department can pay Chartwells, a list of attendees must be supplied directly to Accounts Payable in the Business Office.

Purchasing food and beverages from outside vendors (e.g., Pizza Hut and Applebees) is allowable only when non-employees are part of a business-related function. If an off-campus vendor is used, the employee will be reimbursed the entire amount (including sales tax) if the expense is reasonable, a detailed invoice/receipt is submitted, and attendees are listed. Direct billing is unallowable unless prior approval is received from Accounts Payable.

Examples of allowable expenditures:

Continuing Education hosts a conference and the conference provides snacks and lunch as part of the registration fee (assuming attendees are not all MSU employees).

- A. A department hosts a luncheon meeting with community members or outside consultants.

Examples of unallowable expenditures:

- B. Cookies, muffins, coffee, etc. for a departmental meeting.
- C. Employee-only meetings over lunch.

Annual departmental retreats are allowable only if pre-approved by your respective Vice President. When pre-approval is submitted it must include an agenda and budget. The budget must include source of funds.

- IV. An employee cannot be reimbursed for luncheon meetings in the community unless written pre-approval is received from the Vice President for Administration and Finance and the employee's supervisor requires attendance. Upon approval the employee should submit a travel expense voucher for reimbursement at the per diem rate.
- V. Gift certificates and gift cards will not be purchased by any campus entity. IRS regulations state that gift certificates are cash equivalent and must be recognized as a fringe benefit and processed through payroll. See IRS publication 15-B for more information.

MSU reserves the right to refuse any unallowable purchase which has not been pre-approved by the VP for Administration and Finance.

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