

MANUAL OF PROCEDURE

PROCEDURE NUMBER: 6001

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PROCEDURE TITLE: Allowable Expenditures of the College

STATUTORY REFERENCE: Sections 1001.65(1) and 1010.04(2), Florida Statutes State Department of Financial Services, Reference Guide to State Expenditures

BASED ON POLICY: III-1 College Business Affairs

EFFECTIVE DATE: 1/12/10

LAST REVISION DATE: 1/12/10

LAST REVIEW DATE: 1/12/10

I. PURPOSE

To provide uniform guidelines relative to what are allowable expenditures of the College.

II. PROCEDURE

A. General Guidelines

As a general rule, funds may only be expended for reasonable and appropriate goods or services necessary to perform official business and accomplish the mission of the College. It is important that the College provides accountability for uses of funds, and maintains its standing as a good steward of all funds from both public and private sources. It is equally important that sound fiscal processes be established in an effort to facilitate the needs of the College in the most efficient and effective manner possible.

To be an allowable expenditure, a clear business purpose must exist. With few exceptions, items that would appear to be personal in nature, rather than benefitting the College, are generally prohibited. Examples of items that are typically not allowed include, but are not limited to, the following:

- a. Alcoholic beverages
- b. Portable heaters and/or fans
- c. Stoves, refrigerators, and/or microwaves not used for educational purposes
- d. Coffee pots and supplies
- e. Picture frames and/or wall hangings
- f. Office decorations
- g. First class travel
- h. Food items not used for educational purposes
- i. Gifts
- j. Congratulatory telegrams

- k. Flowers and/or telegraphic condolences
- l. Entertainment of visiting dignitaries
- j. Political Contributions

Exceptions may be made in certain instances where circumstances justify an exception to these general guidelines and a clear business purpose exists. Exceptions generally do not apply to the Fund 1-Unrestricted Fund (i.e. operating funds, since the primary source of these funds are state appropriations); however, under certain circumstances, exceptions may be appropriate when charged against Fund 2-Restricted Funds (i.e. grants and contracts from public and private sources), Fund 3-Auxiliary Funds, Fund 6-Agency Funds, and funds of the MDC Foundation, Inc., as described in Section II. B. of this Procedure.

B. Allowable Expenditures Based on Fund Source

1. State Appropriations – Fund 1, Unrestricted Fund

Since the funding source of College operating funds is primarily State appropriations, these funds must be expended in accordance with the guidelines promulgated by the State of Florida for expenditures of State funds. A reference guide for State expenditures is published by the State Department of Financial Services, Division of Accounting and Auditing at: http://www.fldfs.com/aadir/reference_guide/reference_guide.htm

In general, it is the policy of the State of Florida that expenditures of State funds must be authorized by law and must meet the intent and spirit of the law authorizing the payment. The payment of items used solely for the personal convenience of employees, and which are not apparently necessary in order for the College to carry out its statutory duties are generally prohibited. Further, State funds should not be expended to satisfy the personal preference of employees. For example, the College may not purchase more expensive office furniture or equipment than is necessary to perform its official duties because the employee prefers a more expensive item.

2. Contract & Grant Funds - Fund 2, Restricted Fund

Sponsored contracts and grant funds, including those awarded by Federal, non-Federal, and private entities, are generally more restrictive in that expenditures must meet specific guidelines and budgetary requirements of the contract or grant. Contracts and grants may also specify payments that would otherwise not be allowed, such as certain items of a personal nature that are necessary as part of the sponsored contract or grant (i.e. food items, clothing, etc.). In the absence of specific guidelines, the College will continue to use expenditure guidelines for appropriations set forth by the State of Florida.

3. Auxiliary Operations – Fund 3, Auxiliary Fund

Funds generated by Auxiliary operations of the College are not considered to be appropriated and therefore are not subject to the expenditure guidelines for appropriations set forth by the State of Florida. In general, funds derived from Auxiliary operations may be expended for any goods and services necessary to effectively complete the mission and programmatic needs for which the operation was established. Accordingly, certain Auxiliary operations must operate similar to a

private entity operating a business. Auxiliary operations will be given discretion over determining appropriate programmatic needs and will be required to retain all necessary documentation for audit purposes to support expenditures made in accordance with this Procedure.


4. Deposits Held for Others – Fund 6, Agency Funds

Funds on deposit in the Agency Fund of the College are not considered to be appropriated and therefore are not subject to the expenditure guidelines for appropriations set forth by the State of Florida. Agency funds are typically derived from fund-raising activities of third parties, such as independent councils, student groups, and similar clubs, and should be expended for purposes consistent with and supportive of the objectives of the third party or its members. Budget managers assigned to accounts recorded in the Agency Fund will be given discretion and approval over allowable expenditures. To the extent possible, the College will retain documentation in support of expenditures made in accordance with this Procedure.

5. Foundation Funds - MDC Foundation, Inc.

On a limited basis, certain expenditures that are not allowed pursuant to the guidelines established by College Procedure may be eligible for payment by its component unit, MDC Foundation, Inc. Refer to procedures established by the Foundation for specific guidelines and availability of funds.

C. See Procedure 3100, Fund Groups Used by Florida’s Community Colleges

	1/12/2010
PRESIDENT	DATE