Effective Date: 04/2023

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Revision Date:

**University of Washington Bothell**

**Administrative Policy**

**USE OF DISCRETONARY FUNDS**

**POL – 3.3**

**OVERVIEW**

The University of Washington occasionally receives unrestricted, non-public funds from donors without specific limitations on how the money should be spent. These funds, referred to as “discretionary” funds, are intended to provide University Officers flexibility in achieving the mission of their school/unit. (Discretionary fund budgets start with the prefix “64” and are often referred to as a “64 budget”)

At UW Bothell, oversight of discretionary funds expenditures is maintained at the level of the Chancellor. The Chancellor may explicitly designate Vice-Chancellors or Deans to administer such funds in accordance with this policy. Discretionary funds should be used prudently and in accordance with the UW [Operating Policy Used to Administer Discretionary Fund Budgets](https://finance.uw.edu/gca/sites/default/files/pdfs/Operating-Policy-Administer-Discretionary-Fund-Budgets.pdf).

**POLICY**

In accordance with the UW policy, discretionary funds should only be used for the general benefit of the University and, where specified, only for the direct benefit of the program or objective for which they were received. Any separate benefit which may accrue to the donor, or to a faculty or staff member from the use of such funds must be clearly incidental to the primary purpose for which they were received and accepted. Discretionary funds may be expended for:

* All purposes allowed by the University of Washington policies and regulations covering public funds generally, or;
* Such purposes that are objectively determined to be ordinary and necessary to the prudent and resourceful conduct of the program for which the fund was established, but which are otherwise not allowable expenditures from public funds and therefore must be paid from non-public discretionary funding sources.

**GUIDELINES**

The following sections provide additional guidance for UW Bothell officials, based on the scope of the policy and expenditures mentioned above. Note: UW Advancement has its own budget structure and may have separate documented and approved policies which apply to UW Bothell Advancement.

***Use of Discretionary Funds for Dining***

Discretionary funds may be used for expenditures such as dining at restaurants, as long as there is a documented business purpose or business agenda. Expenditures at these establishments should be reasonable and prudent. In cases where expenditure on meals exceeds or is likely to exceed twice the prevailing per diem rates, units will need to seek approval from the Chancellor or Vice Chancellor(s) prior to reimbursement of expenses.

***Use of Discretionary Funds for Events***

1. UW Bothell units may use discretionary funds to support events such as donor and staff recognition events at UW Bothell campus locations if the intent is in keeping with the mission and purpose of the University. Expenditures at these events should be reasonable and prudent and should avoid putting the University at risk for adverse publicity or public attention.
2. Pre-approval for expenditure on events where alcohol is served should be obtained from the appropriate Vice Chancellor, as well as Fiscal and Audit Services, at least three weeks in advance of the event. This advance notice will provide time for FAS to consult with the Chancellor’s Office and UW Internal Audit, if necessary, before approving the request.
3. UW Bothell units may use discretionary funds to hold off-campus events for fund-raising or cultivating relationships that are beneficial to UW if the invitees are largely external to the UW, such as advisory board members, public agency officials, or current and potential donors.
4. To avoid putting the University at risk for adverse publicity or public attention, UW Bothell units should exercise caution when using discretionary funds to host celebratory or recognition events where the invitees are predominantly UW employees.
5. As representatives of the campus and the University, UW Bothell officials should be aware of reputational risks if they expend funds on events at non-UW locations, especially wineries, distilleries, bars, gambling or entertainment establishments. To the extent possible, these locations should be avoided, unless pre-approved by the Chancellor or Vice Chancellor.

***Use of Discretionary Funds for salaries, equipment or gift purchases, and building alterations*** University policies require that using discretionary funds for payment of regular salaries, wages, personal services contracts, building alterations, purchase of gifts, equipment and printing services to be in full compliance with all applicable statutes and prescribed University regulations and policies, regardless of the source of funds. Exceptions to this policy will require the prior approval of the Chancellor or Vice Chancellor(s).

***Use of Discretionary Funds for awards, grants, stipends, and other forms of compensation***

The use of discretionary funds for awards, grants, stipends, summer salaries and other forms of compensation requires separate and documented policy that has received prior approval by the Chancellor or Vice Chancellor.

***Record keeping***

Discretionary funds shall be expended through the use of normal university accounting systems, accompanied by receipts or vendor invoices, and must be approved by the appropriate budget authority. All pertinent records related to the disbursement of discretionary funds shall be maintained in accordance with the university records retention policy. Internal reviews will be performed periodically to ensure consistent application of this and other relevant policies.

**ADDITIONAL INFORMATION OR QUESTIONS?** Contact: [uwbfisc@uw.edu](mailto:uwbfisc@uw.edu)

**RELATED LINKS**

[Operating Policy Used to Administer Discretionary Fund Budgets](https://finance.uw.edu/gca/sites/default/files/pdfs/Operating-Policy-Administer-Discretionary-Fund-Budgets.pdf)

[UW Bothell Food Purchase Policy 3.1](https://www.uwb.edu/finance/food-approvals)

[UW Grant and Contract Accounting Discretionary Budgets](https://finance.uw.edu/gca/award-lifecycle/budget-setup/discretionary)

[UW Records Retention Schedule](https://finance.uw.edu/recmgt/depts)