

Disallowed Purchases



Policy Purpose

Baylor University has adopted this Disallowed Purchases Policy for the following reasons:

- To ensure proper stewardship and use of University funds.
- To ensure all employees are treated equitably on a consistent basis.
- To reduce the risk of failure to meet compliance requirements set by outside granting agencies and regulatory groups, such as the National Science Foundation, Internal Revenue Service, etc.
- To maintain the reputation of the University from both internal and external constituents' perspectives.

All Baylor employees are to be good stewards of and properly manage University funds, and it is expected that all employees will comply with this policy. The President or a Vice President has authority to determine whether an expense fulfills the mission of the University and should be paid/reimbursed.

Departments and/or grants may impose further restrictions upon employees/grantees in addition to those listed below. Employees/grantees should check with their respective departments/grant documents after reviewing this policy to ensure compliance.

For purposes of this policy, University funds include both unrestricted and restricted funds.

Policy Statement

University funds should not be used for the following purposes:

- Any purchase that reflects unfavorably upon the University and its core values, such as alcoholic beverages.
- Personal gifts to students. Gifts to students may have an unintended effect on financial aid.
- Personal gifts to faculty, staff, vendors and regents. Gifts to faculty, staff, vendors and regents may have taxable income consequences and/or create reporting requirements. Prohibited gifts include, but are not limited to, any and all forms of property, including money, gift certificates, and tangible personal property. Non-cash gifts of de minimis value may be allowable. All gifts to faculty and staff must include sales tax and be reported to the Payroll office to determine potential tax implications. Please review the 'Frequently Asked Questions' below for further guidance.

- Non-work-related departmental, school/college, or divisional luncheons, dinners, or parties/celebrations/receptions. Examples of such events include, but are not limited to the following:
 - Birthdays (including recognizing a group of employees whose birthdays fall within a single month) or anniversaries;
 - Childbirth or adoption, engagements, weddings, baby showers, housewarming, etc.
 - Christmas cards or similar holiday type greeting cards, except for the purpose of developing or maintaining a contact and relationship with University donors.
 - Solicited/unsolicited donations or political contributions. Baylor University is classified as a 501(c)(3) tax-exempt institution and the IRS limits the entities that such an institution may donate to, and the purposes for which it may donate, without the loss of its tax-exempt status.
- Individual social and merchant memberships which include a potential personal employee benefit (Baylor Club, Sam's Club, Amazon Prime, or LinkedIn memberships).

Frequently Asked Questions

What is de minimis value?

Non-cash gifts of **de minimis** value which fulfill a reasonable and necessary business purpose to carry out the mission of the University are allowable. De minimis is defined by IRS as any property or service the value of which is (considering the frequency with which it is provided) so small as to make accounting for it unreasonable or administratively impracticable. For the purpose of this policy, de minimis value means items having an annual cumulative value of \$100 or less provided to an individual over a calendar year basis. Additionally, the benefit must not be provided to an individual with any regular frequency.

- Cash or reimbursements for non-cash gifts are never considered de minimis in value and are not allowed.
- Gift certificates or gift cards, such as an American Express gift card or Visa gift card (regardless of value), are considered by the IRS as cash equivalents and thus not an allowable purchase.
- Gift certificates or cards that are redeemable for a large variety of items, such as a Wal-Mart gift card or an Amazon gift card, are also like a cash equivalent and are not allowed.
- Gift certificates or gift cards that can be applied to purchase one specific item are allowable by the IRS if de minimis. For example, a gift certificate specifically for a CD would be allowed, but not a gift card to a store which sells CDs and other items such as books, DVDs, etc. A single purpose gift certificate for a meal at a restaurant would be allowed if de minimis.
- All gift card purchases must be reported to the Payroll Office.

Can I use University funds for work related events? A department, school/college, or division may hold work-related luncheons, dinners, or other celebrations, on an **infrequent** basis, to recognize the accomplishment of a major goal or initiative or to promote enhanced working relationships, e.g. a dinner to welcome new faculty members, a luncheon to recognize administrative assistants on Administrative Professionals Day, or an annual Christmas party. In holding such events, budget managers are expected to be good stewards of the University's resources.

Can I use personal funds for gifts, cards, or for events not related to work? The University has no policy on how individuals spend their own personal funds. Individuals may use personal funds to purchase cards, fund a party not related to work, or purchase flowers, etc. if they wish.

What is the procedure for the University to send flowers and cards for a death or hospitalization?

There are established procedures for sending flowers and cards from the University through the Procurement Services Office.

- The University will send flowers for the death of any faculty/staff member or member of the faculty/staff

member's immediate family (spouse, child, parent, or sibling).

- The University will send flowers for the hospitalization of any faculty/staff member or their spouse or child.
- In the case of the death of a family member other than the immediate family, e.g., grandparent, a sympathy card will be sent.

Violations of this Disallowed Purchases policy may be reported using the **University's Ethics Reporting Hotline** or by dialing toll-free to 1-866-384-4277.

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