

Financial Services Manual (FIN)

FIN 401–03: Prohibited Transactions

Effective: 5/1/1986

Revised: 11/1/2024

Purpose

To provide a listing of prohibited disbursement transactions

Source

University policy

Policy

Certain disbursement transactions are prohibited. The listing below specifies prohibited transactions, although it is not necessarily inclusive. References to specific FIN sections or policies are provided where applicable. Accountant assistance to interpret specific situations is available.

Prohibited Transactions and Policy References

12– and 15–Passenger Vans

The purchase, lease, rental, or use of 12– and 15–passenger vans.

Alcohol

Alcoholic beverages may not be purchased with university funds from any source under any circumstances.

Art

Use of general operating funds for the acquisition of works of art.

Bottled Water

Use of general operating funds, unless the director of Facilities Services determines in writing that:

1. no drinking fountain is reasonably close
and
2. the cost of installing a drinking fountain is prohibitive.

A copy of the director of Facilities Services' assessment must be attached to all procurement documents for bottled water purchased.

Bus and Light Rail Passes Purchased with University Funds—Personal Use

Departments may not allow employees or students to use university–purchased bus or light rail passes to commute between home and ASU or to any other locations when not on university business.

Business Meals, Food, and Related Expenses ([FIN 420-02](#))

Use of sponsored project funds, unless specifically authorized by the grant or contract.

Use of university funds to pay for alcoholic expenditures, regardless of expenditure purpose.

Use of general operating funds.

Direct Vendor Billings

Payment of a vendor invoice of more than \$5,000 billed directly to ASU when a purchase order should have been issued.

Employee Postgraduate Research Stipends/Grants ([FIN 420-05](#))

Payment of employee research stipends/grants on sponsored accounts.

Employee and/or Student Support Payments ([FIN 422-01](#) and [Financial Services, Financial References Web page](#))

Departmental loans to students and/or employees, unless the award is initiated directly by Financial Aid and Scholarship Services.

Student support payments charged to general operating funds, except for student independent contractor services.

Employees Not under the Control and Supervision of ASU

All employees of ASU must be under the control and supervision of ASU and not an external firm or organization. Any exceptions must be approved by ASU's chief Human Resources officer or ASU's executive vice president, treasurer, and chief financial officer and be pursuant to a management services agreement that serves the best interest of ASU, e.g., a financially related or affiliated organization to ASU. All employees on ASU's payroll system must be hired and administered according to ASU's standard personnel policies. ASU will not serve as an employment agency for another organization or firm.

Fines and Penalties ([FIN 109](#))

Payments of fines and penalties are prohibited, unless specifically authorized by the appropriate provost/vice provost/vice president and forwarded directly only to the vice president for finance and deputy treasurer for proper coding determination. Under no condition can parking, traffic, and library fines be paid with university funds.

Flowers

All types, unless the items are needed in conjunction with an official university event.

Any exceptions to this policy require approval from an assistant director in Financial Services or above.

Authorized purchases for flowers must be paid from local funds.

Gifts and Contributions to Organizations and Individuals (Including Gifts to Student Organizations) ([FIN 420-04](#))

Note: For student organizations funded in whole or part by an ASU department, ASU will reimburse incurred expenses with original receipts; however, lump sum payments made to an ASU student organization from an ASU account for which no accounting is provided are prohibited.

Also prohibited are expenses paid directly on behalf of, or directly benefiting, an external organization, with no direct benefit to ASU.

For certain banquets and luncheons, a portion of the cost to attend is above the cost of the meal and represents a charitable contribution to the hosting organization. Often, this portion is indicated by the hosting organization as being deductible for tax purposes. Such charitable contributions cannot be paid from ASU funds, but can be paid by an ASU-affiliated organization, e.g., the ASU Foundation.

A guest lecturer, consultant, or other independent contractor performing services for the university may not designate his or her fee to be paid to a charitable organization. Payment for services must be made directly to the individual contracting to perform the service.

Graduation Caps and Gowns

Use of general operating or local (including sponsored project grant and contract funds) accounts for the purchase or rental of graduation caps and gowns, except for individuals participating in university ceremonies at the specific request of the university, such as platform invitees, honorary degree recipients, sign language interpreters, or other invited special guests who are not employed by the university. ASU administrators and faculty who are required to participate in ceremonies as part of their university duties may not have regalia rented or purchased with general operating or local (including sponsored project, grant, or contract) funds.

Interviewee Expenses

Use of general operating funds, with the exception of specific general operating accounts that have been approved by the Office of the Provost of the University or Knowledge Enterprise.

Internet Reimbursements

Payments for Internet service charges incurred at a non-university residence or office space will be considered prohibited transactions on **all** university accounts, regardless of an account's funding source.

Legal Fees

All types, except those that have been reviewed and authorized by general counsel or authorized designee.

Loans and Advances to ASU Employees, Students, and Organizations

All types, except loans awarded to students by the Financial Aid and Scholarship Services.

Lobbying Expenses

Lobbying related expenses require written approval from the Vice President of Government and Community Engagement or ASU's designated lobbyist.

Lost Key Charges

Use of general operating or local accounts for payment of lost key charges assessed by ASU to the individual who lost the key(s).

Moving Expenses ([FIN 420-03](#))

Use of general operating funds for any expenses related to ASU employees' household moving expenses.

Parking Permits for ASU Employees and Students

All types, except those purchased for ASU vehicles. Visitor parking fees (parking validations) are, however, permitted for an ASU employee who, on occasion, needs to visit a location across campus or at another campus in order to conduct ASU business.

Departments may, however, purchase reserved spaces when needed for the employee's position responsibilities and pay the incremental reserve space cost from university local funds, after payment by the employee of the regular permit cost. All reserve space payments for a position below that of vice president needs to be approved by a vice president or a business administrator reporting to a vice president. In addition, when an employee is assigned to more than one campus, the department may purchase, subject to availability, the all access portion of their permit. The employee must pay their portion of the permit for the campus that constitutes the employee's primary location assignment. Both the ASU department purchasing the permit and Parking and Transit Services are responsible for compliance with this policy.

Parking, Traffic, and Library Fines ([FIN 109](#))

Use of general operating or local accounts for payment.

Note: Library fines include charges for lost books (replacement fees).

Payments Benefiting External Organizations

Also prohibited are expenses paid on behalf of, or directly benefiting, an external organization, with no direct benefit to ASU.

Payments Older than Two Fiscal Years

Payments for which the invoice or original receipt is more than two fiscal years old, unless approved by a Financial Services director, or higher authority.

Petty Cash Funds ([FIN 403](#))

Acquisitions costing more than \$100 per unit (\$500 per unit for Sponsored Projects Cash Advances per [RSP 503-02](#)).

Business meals, food, and related expenses to be paid from general operating accounts or meals of \$25 or more paid from local accounts.

Capital items.

Compensation of individuals for services rendered.

Fines—all types.

Personal loans or check cashing.

Travel.

Postage Stamps ([PUR 225](#))

Use of university funds, unless advance written approval from Mail Services is received before purchase.

Prepayments

A prepayment is payment for goods and services before receiving the goods and services. Generally, prepayments are prohibited by state statute. However, there are instances when they are in the best interest of the university and generally accepted industry standards require the prepayment of goods and services. Such instances include annual subscriptions, annual maintenance (equipment and software) agreements, airfare, annual memberships in professional associations, and conference registration fees. Payments for these exceptions should be made as close to their actual begin date as reasonably possible. Purchases made with the ASU Purchasing Card are not considered prepayments if Purchasing Card guidelines are followed. Before any department commits university resources for the purpose of making a prepayment for goods or services on a purchase order or contract, [PUR 220](#), "Prepayment of Purchase Orders and Contracts," must be followed. Other prepayments not covered above must have the written approval of the vice president for finance and deputy treasurer, who will consult with the Office of General Counsel as appropriate.

Purchases from ASU Individuals ([ACD 204-08](#))

Purchases that are not competitively bid and do not have the approval of the provost/vice provost/vice president.

Refunds to Donors

General Operating Accounts—Funded Purchases ([FIN 111](#))

Summer Sessions

Expense not directly related to Summer Session instruction. All expenses incurred on Summer Session accounts must be directly related to Summer Session instruction.

Transfers (FIN 301 and [FIN 303](#))

Transfer of gifts to ASU to an off-campus bank account or to an organization financially related to ASU, such as the ASU Foundation.

University Club of ASU

Use of general operating or local accounts for membership and dues payments to the University Club of ASU.

Additional Information

For information on coding, see the [Financial Services, Financial References Web page](#).

Cross-Reference

For more information on purchases, see the *Academic Affairs Policies and Procedures Manual*—[ACD 204-08](#), “Conflict of Interest.”