

R548, Institutional Discretionary Funds Administration and Accountability¹

R548-1 Purpose: To provide policy for the use and administration of Institutional Discretionary Funds as defined herein, and accountability procedures for the use of such funds.

R548-2 References

- 2.1 Utah Code § 53B-7-101(11), Combined Requests for Appropriations -- Board Review of Operating Budgets -- Submission of Budgets
- 2.2 Board Policy R567, Internal Audit Program

R548-3 Definitions

3.1 “Institutional Discretionary Funds” means funds available for expenditure or transfer at the direction of the President of the institution, generated from one or both of the following sources:

3.1.1 Investment Income: Earnings resulting from the investment of cash balances in the Education and General Current Funds, and earnings resulting from the investment of other funds, including Quasi-endowment Funds, when applied for expenditure or transfer through the education and general budget.

3.1.2 Unrestricted Gifts and Grants: Gift and grant funds which are not restricted by the source to specific purposes and are deposited in the Education and General Current Fund for expenditure or transfer.

R548-4 Policy

4.1 Utah Board of Higher Education and Board of Trustees Authorizations: All Institutional Discretionary Funds shall be used for purposes authorized by the Utah Board of Higher Education (“Board”). Expenditures shall be in accordance with budgets approved by the institutional Board of Trustees. Expenditures for individual construction, remodeling and landscaping projects costing \$50,000 or more of discretionary funds shall be specifically approved by the institutional Boards of Trustees; and actual, budgeted and projected revenues

¹ *Adopted May 15, 1984; replaced June 24, 1988; amended June 18, 1993; October 31, 2003; July 28, 2006; March 31, 2017; July 14, 2022; and June 6, 2024.*

and expenditures of these funds shall be reported for the Board's review as part of the annual appropriated operating budget process. All authorizations and approvals required by this section shall be obtained in advance of the relevant institutional activity.

4.2 Authorized Uses of the Funds: Except as may be prohibited by statute or legislative intent language, or by action of the Board, Institutional Discretionary Funds may be expended directly within Education and General current funds for the following purposes:

- 4.2.1** Enrichment of institutional academic programs;
- 4.2.2** Enrichment of institutional cultural programs;
- 4.2.3** Scholarships, fellowships, and student aid;
- 4.2.4** Faculty development and recognition;
- 4.2.5** Campus development and landscaping, including maintenance and remodeling projects;
- 4.2.6** Seed money for program grants and contracts;
- 4.2.7** Fund raising and institutional development activities;
- 4.2.8** Supplemental library support, including acquisitions, operations, and investments in process improvements;
- 4.2.9** Acquisition of academic and support equipment; or
- 4.2.10** Other Education and General current operating support.

4.3 Transfer: Institutional Discretionary Funds also may be transferred to other funds of the institution, as follows:

- 4.3.1** To Loan Funds, for use in supporting student loans;
- 4.3.2** To Plant Funds, for use in supporting capital facilities development and improvement projects;
- 4.3.3** To Intercollegiate Athletics, for use in supporting the athletics programs;

4.3.4 To other Auxiliary Enterprises, to supplement revenues directly received from operations and dedicated fees;

4.3.5 To institutional quasi-endowment funds, as additions to invested quasi-endowment fund balances; or

4.3.6 To other funds with prior approval of the Board.

4.4 General Priority Guideline: As a general rule, Institutional Discretionary Funds should be applied as a first priority to support of current Education and General or Auxiliary Enterprises expenditures. Decisions to apply the funds toward major capital projects should be considered very carefully by institutional administrations and institutional Boards of Trustees.

4.5 Specific Responsibilities

4.5.1 Annual Reporting: The Commissioner of Higher Education (“Commissioner”) will provide forms and instructions for annual reporting of actual expenditures of Institutional Discretionary Funds for the most recent fiscal year, budgeted expenditures (based on estimated receipts) for the current fiscal year, and preliminary estimates of receipts and uses of the funds for the budget request year, as part of the annual appropriated operating budget process. The Commissioner will provide an analytical report of the required information each Fall, for review by the Board, and such other reports as the Board may request between annual reports.

4.5.2 Budgets: Each institution’s President is responsible to ensure that the proposed budgets and reports of actual expenditures are submitted for timely review by the institutional Board of Trustees prior to submission in the annual budget process, and that all construction, remodeling and landscaping projects requiring \$50,000 or more of Institutional Discretionary Funds are submitted in advance for approval by the institutional Board of Trustees.

4.5.3 Compliance: Institutional Boards of Trustees are responsible for institutional compliance with the policy.

4.6 Annual Certification of Discretionary Fund Expenditures: Institution internal auditors shall annually certify the accuracy of the institution’s report of actual sources and uses of Institutional Discretionary Funds. Technical colleges may request assistance from the Board’s Audit Director.

4.6.1 Certification Report: Institutions shall submit the certification report to the Board’s Audit Director by January 15.