

Iowa State University Allowability and Appropriateness Handbook for University Purchases

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Section I - Summary

The purpose of this handbook is to define Iowa State University's non-compensation expenses and to offer clear and consistent guidance in justifying allowable business expenses as reasonable, appropriate, and necessary for the fulfillment of Iowa State University's [mission](#):

To *"Create, share, and apply knowledge to make Iowa and the world a better place."*

- University funds come from many sources, and this handbook broadly explains university policies as they apply to the general use of funds.
 - Specific sources including [Sponsored Programs and Grants](#), [Capital Project Funds](#), [Foundation Gifts](#), and [Campus Organizations](#), may have additional restrictions and regulations not described here. For the purpose of this handbook, these types of funds are known as "Administered Funds."
 - Guidance resources for these specific Administered Funds are available at the above weblinks
- To avoid potential problems, it is highly recommended to seek approval from your cost center manager prior to making purchases, especially when using the previously mentioned Administered Funds
- Expenses not specifically listed as allowable or unallowable within this handbook are subject to the discretion and discernment of the cost center, college, or unit.
- When policy is not explicit, the cost center administering the funds has the authority to determine allowability unless otherwise specified. If an expense is necessary, reasonable, and appropriate, the University therefore considers it an allowable expense.
- The Financial and Accounting Compliance Team, reachable at fact@iastate.edu, will retain the right to arbitrate and make final policy decisions.
- This handbook ensures consistent application of rules following the Generally Accepted Accounting Principles (GAAP), and complying with federal, state, local rules, and regulations. It is applicable to anyone using Iowa State University fund sources.

Key Insights:

- Sponsored Funds, Capital Project Funds, Foundation Gifts, and Student Organization worktags are Administered Funds and are subject to different rules. The cost center manager should be consulted prior to committing these funds.
- Cost centers can decide if a purchase is allowable. The Financial and Accounting Compliance Team has authority to make final policy decisions.

All expenses incurred on behalf of Iowa State University should be:

Reasonable

- Expectations are that costs are comparable to the amount normally spent in a specific situation.
- The purchases are not of an extreme or excessive cost.
- University policy does not define dollar amounts for what constitutes “reasonable” as this is contingent on many factors including the business purpose, source of funds, and circumstances surrounding the expenditure.

Appropriate

- The purchase and expense must be fitting for the type of need.
- A business purpose must be provided to demonstrate that the item is proper.

Necessary

- The goods or services purchased are not already available, accessible, or provided by the department, college, or university.

Many on-campus resources exist to facilitate the easy purchase of goods and services. Employees and staff at these locations may be able to assist with determining allowability as well. These resources include:

[Book Store](#)

[Central Stores](#)

[Chemistry Stores](#)

[Conference, Planning, and Management](#)

[cyBuy \(through Procurement Services\)](#)

[Environmental Health and Safety](#)

[Extension Stores](#)

[Facilities, Planning and Management](#)

[Finance Service Delivery](#)

[ISU Surplus](#)

[Printing Services](#)

[Procurement Services](#)

[Procurement Card Manual](#)

[Travel and Hospitality Card \(T&H\) Manual](#)

[Parks Library](#) is also a great resource for books and has a wide variety of useful items which can be checked out through the [Collaborative Technology Services](#) program.

For questions about Course Fee purchase allowability, please see the [Course Fee Policy](#) in the ISU Policy Library.

Questions to determine allowability through any purchasing medium should be directed to the Financial and Accounting Compliance Team for review at fact@iastate.edu.

Itemized receipts or invoices are required for most purchases.

Section II - The Business Purpose

Regardless of funding source and procurement method, all purchases made for or on behalf of the University need a quality [business purpose](#). When creating a business purpose the following questions should be considered:

- Could the cost be comfortably defended under public scrutiny?
 - (Also known as “The Des Moines Register Test,” consider if the justification would hold if the public were to read about it in the newspaper.)
- Would you confidently support the cost if selected for audit?
- Would you be comfortable explaining to a donor that their funds were used for this purpose?
- Has the purchase been adequately documented?

A good business purpose should be no more than three or four sentences explaining why an expense was incurred and how it helps the University in its overall mission. Traditionally, a business purpose has sought to specify the “who,” “what,” “when,” “where,” and “why,” a purchase is necessary. Workday captures much of this information and so the “what,” “why,” and “how,” are the critical elements of a business purpose.

Example:

- Insufficient business purpose: “Attended ABC conference.”

This business purpose does not contain much useful information. The cost center manager or auditor is not going to be able to fully understand how this benefits the university or even why the conference was important.
- Sufficient business purpose: “Attended the American Business Conference and presented a financial report case study. Iowa State has been in a partnership with Harvard and this presentation demonstrates our progress in this field.”

Note that the second business purpose is still only two sentences, but it contains far more useful information.

- Expenditures charged to university accounts including vending funds, must be both allowable and appropriate. The department and/or college is ultimately responsible for providing and justifying the business purpose.
- It is the responsibility of the college and/or department to assure that the authorization or expense conforms to university policy as well as with any other sponsoring agency policies.
- See the [Business Purpose](#) document for additional examples.

Key Insights:

It is important to remember that university funds are public funds and all purchases should be made with the assumption of scrutiny.

Section III - Funding Types

Administered Funds: Funds from specific sources including Sponsored Programs and Grants, Capital Project Funds, and Student Organizations. These funds are restricted and have additional regulations that other types of accounts are not subject to. Please consult with the unit administering the funds prior to use.

Campus Organization Funds: For allowability and other accounting related information pertaining to Campus Organizations or student organizations, please review the [Iowa State University COA Treasurer's Manual](#).

Capital Project Funds: For allowability and other accounting related information pertaining to Capital Projects, please review the resources available on the Facilities, Planning and Management [Capital Projects](#) website.

Sponsored Programs Funds: For further guidance on allowability and appropriations on sponsored funding please refer to sponsored programs accounting allowability and appropriations guide which can be found at the [Sponsored Programs Accounts](#) website. Sponsored Program funds are identified with a grant worktag (GR-XXXXXX) or that with a fund source of Fund 12 or Fund 11.

Agency Funds: These are held by ISU but are “owned” by another party. Agency accounts are established only for organizations meeting specific criteria, such as registered student organizations, departmental vending accounts, affiliated entities (recognized by the Board of Regents), county extension offices, professional organizations related to academic disciplines where an ISU employee is generally the treasurer, editor, etc.

Auxiliary Funds: Funds from self-sustaining entities which exist to furnish goods or services to students, faculty, staff or the general public related to the University's primary mission. Expenditures from these funds must relate to the services provided. Examples of these accounts are Athletics, Department of Residence, Dining Services, Veenker Golf Course, Reiman Gardens, and the Bookstore.

Course Fees: Contact the Provost's Office for information on Course Fees.

Discretionary: Funding from these accounts come from expired fixed price sponsored projects and payments made for staff consulting services or from teaching for Extension or continuing education. These sources are the only funding types that can be transferred into a discretionary fund.

Endowment Funds: Funds represent endowed gifts, along with their gains, losses, and earnings, given directly to the University. Spending must be aligned with specifications of the gift.

Fee for Service Funds (FFS): FFS operations are established for the purpose of producing and selling goods and/or services to University departments and/or external customers. Sales must comply with the University's [mission](#), federal [uniform guidance](#) and the fair competition policies. More information about these funds is found in the [Fee for Service Manual](#). The only expenses that should be charged to a Fee for Service fund are those which directly relate to the operational needs of the Fee For Service.

Fee for Service Residuals: Revenue received from the external sales of goods and services. Expenses should relate to either departmental or Fee for Service operations. More information about these funds is found in the [Fee for Service Manual](#).

Federal Appropriations: Direct federal appropriations or federal American Recovery and Reinvestment Act (ARRA) funding received via the State of Iowa.

General University: Represents tuition, fees, and appropriations provided by the State of Iowa and prior year carryforward of any unspent general university appropriations, also called [advance commitment funds \(ACF\)](#). This is the largest pool of funding the state provides for general operating and salary expenditures and are not subject to reversion. ACF spending plans are required by the Office of the Senior Vice President for Operations and Finance and are reported to the Board of Regents.

ISU Foundation Gifts: Gifts are held by the ISU Foundation until expended. The ISU Foundation reimburses the University monthly for all applicable charges to these funds. Expenditures must comply with any donor restrictions. For allowability and other accounting related information pertaining to Foundation funds, please review the ISU Policy Library for [ISU Foundation Funds](#).

Incentive Funds: Accounts established for faculty eligible to receive distribution of Facilities & Administrative (a.k.a. indirect) revenue generated from sponsored projects. Funds can only be used for ISU business purposes and must comply with Regents and ISU spending policies. Goods or equipment purchased from incentive funds are the property of the University and ARE NOT PERSONAL PROPERTY. If the ISU employee leaves their employment at the University, the property and any funds remaining belong to ISU.

Petty Cash: These accounts show the outstanding balance of funds being held as petty cash in various University operations by departments.

Special Appropriations: Appropriations provided by the State of Iowa for specific purposes. These appropriation types include: special state appropriations given for special projects and research centers and direct state appropriations provided for the Agricultural Experiment Station and Cooperative Extension.

Section IV - Use of Cash

Cash should never be used for the purchase of goods or services or for compensation unless specific advance authorization has been granted by either Procurement Services and/or The Financial and Accounting Compliance Team.

- Cash may **not** be given as a gift.
- Cash may be given as awards or incentives if the funding worktag is appropriate for the situation.
 - A [Property Receipt Form](#) is required for all recipients, regardless of dollar amount or recipient. This includes all employees, students, and non-employees.
- Cash may be given as research participant compensation.
 - A [Research Participation Receipt Form](#) is required for cash disbursements.
 - Departments are responsible for keeping record of all cash disbursements.
- All cash is considered “petty cash” at ISU regardless of dollar amount as it runs through the petty cash ledger. Please review the [Petty Cash Manual](#) for more information.



Form Requirements	ISU Employee or Student (PRF)	Other, no affiliation to ISU (PRF)	Research Participant (RPRF)
Cash or Cash Equivalent (checks, gift cards, physical gift cards, and stored value cards), <u>any value</u>	Yes	Yes	Yes
eGift cards purchased through CyBuy < \$100	No	No	No
eGift cards purchased through CyBuy ≥ \$100	Yes	Yes	Yes
Other Property (Physical goods with resale value) < \$100*	Yes	No	Yes
Other Property (Physical goods) ≥ \$100	Yes	Yes	Yes

Section V - University Purchases

- Iowa State University uses many different types of goods and services, and these goods and services are purchased in many ways. Some purchases are “conventional,” while others are “non-conventional.”
 - Conventional Purchases are made for or on behalf of the university for goods and services that directly facilitate the normal operations and functions of education, research, and support.
 - Non-Conventional Purchases: Purchases made that indirectly benefit the University or that help further the [mission](#) of ISU tangentially.
- As a reminder, all purchases, both conventional and non-conventional need a good business purpose.
- Many conventional purchases are identified on the Procurement Services Website. Procurement resources that can help make buying decisions include:
 - [“How Do I Buy?”](#)
 - [“Procurement and Payment methods”](#)
 - [“Purchasing Equipment”](#)
 - [cyBuy](#)
 - [Furniture Purchasing Procedures](#)
 - [Furniture Policy \(FP&M\)](#)
- As conventional purchases are well explained in these sites, the next several pages of this handbook will discuss non-conventional purchases and their allowability. Remember, some purchases are only allowable in specific incidents. While it is not possible to list every scenario this handbook, it will explain some of the more common non-conventional requests and how to navigate their complexities. **It is required that even when purchasing non-conventional items, that the proper procurement channels be utilized.** This means that a P-card, Requisition, Supplier Invoice, CyBuy, or Internal Transaction should be used in most incidences. For more information about procurement methods please reach out to procurement@iastate.edu.
- Additionally, many non-conventional purchases are not allowed or are conditionally allowed on Sponsored Program, Capital Project, Campus Organization, or Foundation Gift worktags. Please contact Finance Delivery at finance_delivery@iastate.edu or the Administered Fund cost center manager for more information.
- All purchases, both conventional and non-conventional, must follow Procurement Service’s protocols if the payee or supplier has a [conflict of interest](#).
- These guidelines are designed for uniform application across the university.
- Departments and cost centers have the discretion to enforce stricter guidance when necessary.

GENERAL REMINDERS:

- Many non-conventional purchases in many instances cannot be made on Administered Fund accounts including [Sponsored Programs and Grants](#), [Capital Project Funds](#), [Foundation Gifts](#), and [Campus Organizations](#). Please contact the administering unit prior to making purchases for approval.
- All purchases must have a business purpose with a thorough justification and be reasonable, appropriate, and necessary.
- The cost center can determine whether an expense or purchase is allowable or appropriate.
- Costs and expenses neither specified nor prohibited are delegated to the departments to determine allowability. The Office of Financial Accounting and Compliance has the authority of final determination in instances of disputed allowability.

Documentation Requirements:

- Receipts are required for all non-travel university purchases and non-travel purchases made on behalf of ISU.
- A confidential Research Participation Receipt Form is required for all paid research participants regardless of dollar amount.
- A Property Receipt Form is required in many instances as well. Please refer to the [Property Receipt Form](#) for specific instructions.

ALCOHOLIC BEVERAGES

Allowable:

- In appropriate hosting situations from agency funds, or general support Foundation funds only. (Examples: interview dinners, or milestone recognition events).
- Only from agency funds if all attendees are ISU employees at the event.
- If an ISU department hosts a conference, and the conference fees paid by the participants include an event serving alcohol. The worktag(s) that received the registration fee in these instances may also be used to purchase the alcohol for the conference.
- If the use is for cooking, research, course study, or catering provided by an ISU department that routinely provides catering services.
- Note: other funding sources might be allowable. *Approvals and use of alcohol for events in University buildings and on University ground must comply with the [University Policy Library -Alcohol, Drugs, and Intoxicants](#).*

APPLIANCES & RELATED ITEMS

Allowable:

- For items in breakrooms and common areas. Examples include refrigerators, coffee pots, toasters, microwave ovens, steamers etc. purchased for departmental use.
- A unit may charge coffee costs to a vending account and then collect employee funds to offset the account. (Employees should never contribute to a gift worktag for the purchase of coffee due to potential tax and donation issues).
- For student common areas in university housing locations.

Unallowable:

- For individual offices or personal use.

Large purchases such as full-sized refrigerators, freezers, ovens, stoves, and other similar items should be purchased with input from Procurement Services and Facilities Planning and Management.

ARTWORK, RUGS & TAPESTRIES

Allowable:

- When purchased for display in public spaces only.

Unallowable:

- From all funding sources including vending funds when for display in individual offices, private spaces, or non-ISU venues.

CELL PHONE EXPENSES

Allowable:

- If the phone or device is purchased and owned by the department
 - Payments are typically made by P-Card
- If the phone plan is in ISU's name

Unallowable:

- For reimbursement from any funding source unless eligible for a [Communication & Technology Allowance](#). CTAs should not be reimbursed through the expense reporting system as they are a taxable benefit.

CLOTHING (NON-PPE)

Allowable:

- If the garment contains the department's logo and is worn as a uniform, for specific event, or for program identity purposes.
- When the clothing is ISU licensed apparel purchased for employees and/or non-employees with a valid business purposes including event/public recognition, marketing, and employee morale.

Unallowable:

- For all non-ISU branded items including branded items of other schools and universities.

Note: Clothing does not "need" to be owned by the department nor it is required to turn in the garment prior to leaving ISU.

When clothing is given as a gift, please review the section "Gifts and Token Items."

CONTRIBUTIONS & DONATIONS

Allowable:

- From agency funds if for a memorial. Please contact the Financial and Accounting Compliance Team if the donation is greater than \$100 because of potential tax impact.
- When made as a sponsorship or as advertising/marketing for a sponsorship.

Unallowable:

- To individuals and agencies including charitable organizations.
- When made for the purpose of paying another institution or organization.

DAMAGES & REPLACEMENT COSTS OF PERSONAL ITEMS

Unallowable:

- For reimbursement from any funding source. Those seeking damage compensation for personal items or effects should file a tort claim through the [Office of Risk Management](#). Giving gift cards paid by any funding source as compensation for lost and/or damaged goods is prohibited in all instances.

EDUCATIONAL COURSES FOR CREDIT & TUITION

Allowable:

- For ISU employees.
 - If the classes are offered by ISU, they should not be reimbursed through the Expenses portal in Workday.
 - Formal classes and tuition costs should be reimbursed through the [Tuition Reimbursement Program](#).

Unallowable:

- For student or non-ISU employee tuition.
- To cover student loans or loan interest.
- For student courses, fees, or supplies including textbooks.

Contact the Office of Student Financial Aid for more information.

EMPLOYEE/STUDENT MORALE & APPRECIATION EVENTS

Including sanctioned holiday parties, picnics, and similar gatherings.

Employees are defined as P&S, Merit, Faculty, and Graduate.

Students are expected to abide by employee rules regarding meals.

Allowable:

- For seasonal events, employee morale, and team building.
- As a guideline, these events should not be paid more than once per month from university funds but departments are allowed to use their own discretion.
- For ISU employee milestone recognition (including award recognition, service anniversary, donor recognition, retirement, going away) events for employees.
- Reasonableness of costs would vary depending on issues such as how many people the honoree interacted with as well as their length of service to the institution.
- For students to attend and participate when beneficial to the department or ISU.

Unallowable

- To recognize any personal events, including but not limited to birthdays, baby showers, engagements, weddings, wedding anniversaries, and graduations.
 - Funds collected for personal events should not be deposited into university accounts nor should university instruments be used to purchase these items.

Note: Milestone Recognition events are distinguished from social functions since the purpose is to recognize an employee(s) for extended service to ISU or for specific achievement such as receiving an ISU Award.

ENTERTAINMENT & COMMUNITY BUILDING

Allowable:

- On specified foundation funds with a written explanation of how the entertainment benefits the group, ISU community, or organization.

Unallowable:

- In all instances where there isn't a clear ISU benefit or business purpose.

FINES, FEES & PERSONAL FINANCE CHARGES

Unallowable:

- From all funding sources including vending funds.
 - This includes parking fines, parking permits for employees, library fines, late fees, bus passes for commuting, and personal finance charges (T&H card and Procurement Card finance charges are excluded)
 - Fines are the responsibility of the person who incurs them.
 - This applies to employee and non-employee.

FLOWERS & PLANTS

Allowable:

- From agency funds, vending funds or general support Foundation funds for employees and students when:
 - used for public functions.
 - bought in connection with the illness or hospitalization (including maternity) of employees.
 - purchased in connection with the death of employees, their immediate family members, or key constituents (e.g., donors).
 - A memorial or cash gift may be made in lieu of flowers, if the amount does not exceed what typically would have been spent for flowers.

Unallowable:

- As gifts to students or employees for personal reasons.

FUNDRAISING COSTS

Allowable:

- From most funding sources when incurred for events that benefit ISU.
 - Events where tickets are sold for fundraising should be coordinated with ISU Foundation so that appropriate tax reporting to the donors occurs. Without the proper gift receipt, the payment can not be claimed as tax deductible.

GIFT CARDS

Allowable:

For all recipients:

- When the gift card is given as a research participation payment.
- In nominal amounts for specific single instance events.
 - Examples include, but are not limited to, assisting with set up and tear down of commencement, ushering at a special presentation, and assisting with move in weekend.

For ISU employees (excluding student employees).

- From vending or general support Foundation only if pertaining to a milestone event (see "Employee Parties and Picnics," where reasonable recognition is appropriate).

Unallowable:

For all recipients:

- When the gift card pertains to the employee's typical daily duties as assigned.
- For personal events including birthdays, holidays, weddings, wedding anniversaries, graduations, end of semester, or baby showers.
- As employee compensation.
- When given to pay for personal hardships or inconveniences, to assist with tuition, or for other personal reasons.
- For arbitrary reasons such as, "hardship" "hard work," or "going above and beyond"

Gift cards are cash equivalents and should be treated the same as cash.

- *They are not considered token items.*
- *All university policies must be followed including documentation.*
- *Please consult the [Research Participant Receipt Form/Property Receipt Form](#) for requirements.*
- *Gift cards should be purchased through [Procurement Services' gift card portal](#).*
- *Sponsored funds can only purchase gift cards when allowed by the funding source.*



STOP!
Read
before
using gift
cards!

GIFTS & TOKEN* ITEMS

Including ISU branded merchandise

Gift Purpose	Funding Restriction
Donation - In Support of a Conference, or for Advertising	Allowable on all funds except Sponsored Programs funds
Door Prizes, Poster Prizes, Trophies, Raffles (Given to Students, Employees or Non-employees)	Allowable on all funds except Sponsored Programs funds <i>Employee morale event door prizes are only allowable from agency funds.</i>
Employee Baby Showers, Birthdays, Holidays, Weddings, & Wedding Anniversaries	Not allowable from any funding source
Illnesses or Hospitalizations of Employees	Only allowable on agency or General Support foundation funds
International Visitors	Allowable on all funds except Sponsored Programs funds
Memorials – Employees, Immediate Family, or Key Constituents (e.g., Donors)	Only allowable on agency or General Support Foundation funds
Milestone Recognition – Employee Achievement, Retirement, or Departure	Allowable on all funds except Sponsored Programs funds
Services Provided (In Lieu of Payment by Check)	Allowable if \$100.00 or less per recipient as a token non-cash item. Not allowable from any funding source if the item is valued at more than \$100.00 per recipient.
To Donors	Only allowable on agency or General Support Foundation funds
Token* Non-Cash Items to Employees or Students (Value of \$25.00 or less)	Allowable on all funds except Sponsored Programs funds

- *These instructions do NOT pertain to gift cards. For gift card allowability, please refer to page 15.*
- *A [RPRF/PRF Form](#) may be necessary for some purposes.*
- **Token items are defined as goods with no cash or resale value including notebooks, pens, paperweights, customized plaques, awards, cups, mugs, low-cost ISU branded items, and similar merchandise.*

GROUP MEALS FOR EMPLOYEES (Travel and Non-Travel)

Group meals are different than employee parties and picnics, or morale events. A group meal occurs when a group of employees (two or more) is only able to meet over mealtime to discuss university business and the meal is an integral part of said meeting. The significance of the meal must be justified. Catering is allowed. Group meals should not be claimed for virtual events or for attendees virtually in attendance.

Allowable:

- For employees and students if in conjunction with a department sponsored conference or a specific event.
- On agency, non-restricted Foundation, and vending funds if the meal and meeting are for conducting university business and only ISU employees are present.

Unallowable:

- If the meal is an unsanctioned social event or a private meal between two or more employees.
- If there is no business purpose or if the purpose is social in nature.
- For purchasing groceries to make meals.

Note: Group meals are expected to be reasonable in expense. See also "Alcohol," and "Gratuities." This applies to all group meal/hospitality circumstances. **A list of participants/attendees is required in all instances.**

See also *"Employee Parties and Picnics."*

Note: When not in travel status, taking students out does not constitute a group meal and university funds are not allowed to be used for this purpose. When in travel status, because of per diem complexities, group meals may be claimed from allowed funding sources.

HEALTHCARE COSTS

Unallowable:

- Healthcare is provided benefit for most employees. Visiting scholars seeking information on healthcare should contact the Vice President for Research or visit the Visiting Scholar section of the ISU Policy Library.

HOME OFFICE EXPENSES

Allowable:

- If an appropriate business justification is provided for a unique situation or for ISU's benefit.

Unallowable:

- If ISU provides office space in an on-campus location.
- In most remote and hybrid environments unless otherwise specified in the remote-work agreement.

Note: The final decision of allowability and appropriateness of home office expenses is determined by the funding department.

- *ISU supplied resources are to be used for ISU business purposes only.*

HOSPITALITY MEALS

Hospitality meals are different than group meals and morale events as they require at least one non-employee in attendance for the benefit of the University. These non-employees can be guest speakers, dignitaries, donors, influential or industry guests, new hires, and other authority figures. Meals should be reasonable and not extravagant but can exceed the normal amount of the per diem. Catering is allowed. Hospitality meals should not be claimed for virtual events or for attendees virtually in attendance.

Allowable:

- For instances where there is one or more employee and one or more nonemployee in attendance to benefit the university.

Unallowable:

- If the meal is an unsanctioned social event or if the non-employee is not attending for the benefit of the university.
- For purchasing groceries to make meals.

Note: Hospitality meals are expected to be reasonable for the occasion.

See also "Alcohol," and "Gratuities." This applies to all group meal/hospitality circumstances. A list of participants/attendees is required in all instances.

INTERNET

Unallowable:

- Unless a home internet allowance is expressly stated in the employee's technology allowance or work from home agreement.

LOST KEY EXPENSES

Allowable:

- Fees will be charged to the employee's department.
- The department should decide whether to recover funds from the employee through The Accounts Receivable Office.

MEDICATIONS

Allowable:

- When purchased through CyBUY for the purposes of restocking first aid kits or medical supplies.
- When in travel status (see [ISU Travel Expenses Allowed](#)).

Unallowable:

- In all instances when medications are not purchased through CyBUY except for prescriptions solely related to travel. (see above)

Note:

- *Please contact [Occupational Medicine](#) for information regarding pharmaceuticals.*
- *For over the counter healthcare items, please see "personal use items"*

MEMBERSHIPS

Allowable:

- When they are Institutional memberships or university-wide in nature.
 - Examples include: The American Council on Education, the National Association of State University Land Grant Colleges, and the North Central Accrediting Association.
- At the discretion of the department/or college when professional memberships are for individuals.
 - Lifetime memberships may also be paid.
 - If journals or other professional materials relating to the unit's business purpose are included in the cost of membership this is also allowable.

Unallowable:

- If the memberships are purely social.

MOVING EXPENSES

- Must be handled through Human Resources regardless of funding source.
- Should not be promised, paid, or agreed upon without guidance from a University Human Resource (UHR) Representative.
- Undergraduate and Graduate Students are not eligible for moving expenses. Merit, and P&S employees are not eligible for moving expenses in most circumstances.
- The University Policy Library has information specifically pertaining to moving expenses. Procurement Services also has information about moving expenses in their *Moving Packet*. The Financial and Accounting Compliance Team will audit all moving expenses according to the ISU Travel Policy.

PARKING, BUS & TRANSPORTATION COSTS ON CAMPUS/IN AMES

Allowable:

- For non-employees participating in ISU business events or whom have an ISU business purpose.
- If a temporary parking pass is needed to conduct approved university business such as assisting with set up or sanctioned moving between buildings.
- For the Department of Residence to provide residential and emergency parking to live-in staff who are required to reside on campus.

Unallowable:

- For all ISU students and employees from any funding source for normal use.

PERSONAL USE ITEMS

Allowable:

- If under \$100, at the discretion of the department or college when there is a justifiable and legitimate business purpose.
 - Examples:
 - Sunscreen or bug spray for field employees
 - Walking aids for those conducting experiments in rough terrain
- These items are property of the University if University funds are used to purchase them.

Unallowable:

- If the items are to be kept personally.

PLAQUES & AWARDS

Allowable:

- When given for university, college or department formal event or ceremony.
- For commemorative purposes of a university organization.

Unallowable:

- If unofficial or social in nature.

Note: Plaques and awards have little to no cash value once customized. Therefore, they are considered separate from gifts and token items.

PRINTING & PHOTOCOPYING OFF CAMPUS

All university printing should be completed by Printing Services unless directed elsewhere by Printing Services. Units should consult Printing Services, Print@iastate.edu, for printing needs beyond standard office copiers and desktop printers used for routine departmental tasks.

PROFESSIONAL DEVELOPMENT

Allowable:

- For employee and students. Professional development can include conferences, seminars, information sessions, lectures, convocations, workshops and similar programs.

Unallowable:

- When not pertaining to employment with ISU.
- If receiving credit towards ISU courses as this needs to be handled through Office of Student Financial Aid.

PRE-PAID CREDITS

Unallowable:

- ISU funds should not be used to purchase prepaid credits for the future procurement of goods and/or services from suppliers or payees.

REGALIA AND ACADEMIC COSTUMES FOR FACULTY

Allowable:

- For cords, pins, sashes, and ribbons.

Unallowable:

- For robes, hoods, tams, caps, and other accessories unless they are kept in possession of the department for future use.

SPOUSAL/SIGNIFICANT OTHER/FAMILY ATTENDANCE

Allowable:

- For spouses of employees when the employee is being recognized at a formal recognition function, meeting with a donor couple or attending a fundraising event.
- For spouses of interviewees when house hunting.
 - Typically, after the interviewee has accepted the position and with approved moving expenses.
 - In some instances, the dean, chair, or senior vice president may give permission for other family members including minor children to have costs reimbursed if for the purposes of house hunting.
- If present to assist with an employee disability.

Unallowable:

- When spousal or family travel expenses are incurred for personal reasons.
- For other family members including dependent children (unless for approved instances of moving/house hunting expenses where a dean, chair, or senior vice president gives prior approval).

THIRD PARTY PAYMENT SITES

Allowable:

- PayPal, Apple Pay, Google Pay, and Venmo for registrations, conferences, and subscriptions as long as either the P-Card or T&H Card are used.

Unallowable:

- To use Cashapp, Shopify and other money transfer programs.
- If a personal PayPal or Venmo is used for ISU business.

Note: When using PayPal and Venmo, both the supplier receipt and payment service documentation must be submitted. Procurement Services and the Financial and Accounting Compliance Team can grant exceptions in unusual instances.

TIPS & GRATUITIES

Allowable:

- For catering, non-travel meals and group meals. Gratuities should typically fall between 15% and 25% of the allowable amount of the bill.

Unallowable:

- Travel meals are paid by per diem which includes gratuity. Gratuities should not be reimbursed or reallocated separately. Please see the travel policy.
- Gratuities exceeding 25% of the allowable amount of the bill are considered egregious and are unallowable.

VIRTUAL EVENTS

Allowable:

- If the costs pertain to hosting the event.

Unallowable:

- If the costs are associated with meals or food.
 - Meals, gift cards for meals, and delivered foods are not allowed to offsite locations when the event is a virtual conference.
 - Attendees in a virtual conference are not in travel status therefore there should be no expectation of a meal or a per diem for a meal.

VOUCHERS & COUPONS

Allowable:

- From all funding sources when for a single, specific item/action (examples include the ISU creamery and ISU Dining meal vouchers).

Glossary

- **Accounts Payable (AP)**: Ensures invoices for purchase orders and supplier contracts are properly processed according to all applicable University rules and regulations. Effective May 2022, Finance Service Delivery is responsible for processing Iowa State University Accounts Payable.
- **Allowable Expense**: A necessary, reasonable, and appropriate expense incurred for the primary benefit of University business and therefore permitted to be reimbursed or directly charged based on the permission of the University or by the terms of federally or privately sponsored agreements.
- **Appropriate Expense**: An expense that is suitable or fitting for a particular valid business purpose.
- **Approvers**: Individuals responsible for reviewing transactions who must make informed judgments about their reasonableness and provide evidence of their authorization (either on paper or online) and timely approval or rejection. Approvers must also be knowledgeable about relevant local and University policies, as well as external requirements and regulations, such as federal guidelines for sponsored awards.
- **Business Unit Managers**: A financial officer specifically trained to provide internal management of funds in a business unit. They are responsible for ensuring that processes are in place to achieve the mission and objectives of their business units and departments.
- **Cost Center Managers (CCM)**: Financial officers responsible for final approval of all transactions and for allowing or disallowing transactions not specifically addressed in the Allowability and Appropriateness Handbook. Additionally, CCMs distribute and communicate all applicable financial policies throughout their units and ensure all employees have access to training and information regarding financial policies and procedures.
- **Delegates**: A trained individual who can perform the duties of a Cost Center Manager or other responsible party in their absence.
- **Finance Specialist (FS)**: [Finance Specialists](#) process financial transactions such as costing allocations, transaction corrections, and financial accounting adjustments. They create journal entries in Workday to maintain accurate financial records, handle deposits, costing allocations, and budget adjustments, and provide financial statements and reports on expenses, revenue, and overall balances.
- **Generally Accepted Accounting Principles (GAAP)**: Fundamental principles of accounting that are used as guidance in the preparation of the University financial statements.

- **Grant Finance Specialist:** The [Grants Finance Specialist \(GFS\)](#) supports post-award financial activities by ensuring compliance with grant terms and regulations, and reviewing award transactions. They assist faculty and departments with monitoring award balances, processing adjustments, facilitating effort certification, monitoring cost share, supporting award closure, and providing financial analysis, projections, rebudgets, and required reports.
- **Necessary Purchase:** Minimum purchase or service required to achieve a particular business objective.
- **Original Receipt:** The original merchant receipt or invoice issued by the supplier or service provider to document and substantiate the business transaction. A digital image of the original receipt is allowable provided it is legible.
- **Procurement and Expense Specialists:** [Procurement and Expense Specialists \(PES\)](#) assist with ordering goods and services for university business, as well as with travel reimbursements and reconciliations. They help with booking travel arrangements, reallocating card charges, ordering from suppliers, requisitioning commodities, and understanding university policies and procedures.
- **Procurement Services:** Department that oversees purchasing all goods and services on behalf of Iowa State University. Procedural guidance is provided in the [Payment and Procurement Methods](#) document.
- **Reasonable Expense:** An expense that is ordinary and reflects a prudent decision to incur the expense on behalf of University business.
- **The Research Participation Receipt and Property Receipt Form** A form providing written acknowledgement from a recipient that property was received from Iowa State University.
- **Reimbursees:** Are responsible for ensuring that expenses that they submit for reimbursement are accurate, legitimate University business expenses and that they are submitted in a timely manner. Reimbursees certify the validity of their submitted expenses by confirming their expenses within Workday.
- **Substantiation:** Documentation to support an incurred business expense that includes the original receipt, documentation of business purpose, names of persons in attendance, and appropriate expense report for the incurred cost.
- **Travel, Reimbursements and Card Services:** Provides training on the proper use of procurement cards. Procurement Services is responsible for auditing samples of employee and non-employee reimbursements that are approved and submitted by departments after local approvers have fully performed all of their responsibilities as outlined by this policy.

Definitions of Workday Worktags

The chart below outlines the worktags utilized in Workday to delineate the funding types that will be discussed within section VI of this handbook.

Worktag	Type	Description
Grant	Driver	ISU Sponsored Programs (excluding Foundation)
Project	Driver	Capital projects and faculty startups
Program	Driver	Accounts not ISU Endowments, Foundation, Sponsored Programs, Capital Projects, or Faculty Startups
Gift	Driver	ISU Endowment and ISU Foundation Parallel Accounts
Cost Center	Related	A department, center, institute, or major program
Business Unit	Related	An organizational level which every Cost Center is assigned to one Business Unit.
Institutional Resource Type	Related	Used to identify major groups of institutional funding
Fund	Related	Used to identify resources segregated by special regulations, restrictions, or limitations.
Department Detail	Conditionally Related	Worktag established at the institutional level to track transactions at a more granular level than Driver Worktags. Can be used with Driver Worktags to define details required at the cost center level. May also be associated with a Driver Worktag and thus considered a Related Worktag.
Assignee	Conditionally Related	Worktag that supports tracking of funds and expenses identified to a person. Identifies the faculty or staff assigned to specific funds. May also be associated with a Driver Worktag and thus considered a Related Worktag.

Appendix A

Changes & Amendments

July 2025 Changes:

- Removed four instances of the word "guide," one instance of the word "manual," one instance of the word "booklet" and two instances of the word "document" in favor of "handbook" per FSD request to be consistent.
- Corrected minor grammar errors.
- Changed "Compliance Team" to "Financial and Accounting Compliance Team."
- Revised "worker" to "employee," for consistency.
- Section I – Summary
 - Added links for Campus Organizations and Sponsored Programs Accounting updated
 - Added link to Environmental Health & Safety resource page
- Section II – Business Purpose
 - Updated KBA link for the Business Purpose Document
- Section III --Funding Types
 - Moved Endowment Funds to Page 6 from Page 7
 - Added Section on Course Fees and referred to Provost's new polity and procedures
 - Moved Fee for Service to the top of the page so that it is in alphabetical order
 - Updated verbiage about charges to Fee for Service funds
 - Added section on Fee For Service residuals
- Section IV--Use of Cash
 - Updated Property Receipt Form link.
- Section V --University Purchases
 - Employee/Student Morale and Appreciation Events
 - Changed to "For students to attend and participate when appropriate" to "For students to attend and participate when beneficial to the department or ISU."
 - Fines Fees & Personal Finance Charges
 - Updated to specify personal finance charges are unallowable.
 - Gift Cards
 - Removed the line "The Purchasing Card and the Travel and Hospitality Card should not be used to purchase gift cards."
 - Group Meals and Workers
 - Added "For purchasing groceries to make meals for ISU or department sanctioned events."
 - Added "Catering is allowed."
 - Hospitality Meals
 - Added "For purchasing groceries to make meals."
 - Added "Catering is allowed."
 - Group Meals for Employees (Travel and Non-Travel)
 - Removed "for ISU or department sanctioned events." From Unallowable.
 - Printing & Photocopying
 - Removed "Allowable: Only while in travel status, for after-hours emergencies, or for printing that cannot be performed by on-campus sources. Prior approval from Print@iastate.edu is required for printing when on campus."
 - Added: "Units should consult Printing Services, Print@iastate.edu, for printing needs beyond standard office copiers and desktop printers used for routine departmental tasks."
 - Personal Protective Equipment has been removed.
 - Professional Development:
 - Removed from Allowable: "In most cases these should not be formal classes for academic credit."
 - Third party Payments
 - Moved to page 22. Added Apple Pay and Google pay

Appendix A

Changes & Amendments

February 2025 Changes:

- Page 13 – Employee Events and Picnics has been changed to Employee/Student Morale and Appreciation events.
- Page 22 – Updated PPE to allowable; no longer requiring EH&S input or procurement through CyBuy exclusively; department should provide approval documentation when purchasing
- Page 22 – Single item vouchers has been renamed vouchers and coupons, moved to page 23.
- Page 23 – All Other Purchases has been moved from Page 23 to the General Reminder box on page 10 to eliminate redundancy.

January 2025 Changes:

[New]: "recipients, regardless of dollar amount" [Old]: "students and employees receiving cash, regardless of dollar amount, and all non-employees receiving cash over \$100."

- Deleted: "With research participation, confidentiality rules prohibit the upload of RPRF forms or similar records into Workday."
- Page 10- [New]: "amount." [Old]: "amount, though this should not be uploaded into Workday,"
- Page 14 - Text Added: "& PLANTS"
- Page 21 - Text added: "Prior approval from print@iastate.edu is required for printing when on campus."
 - Update of RPRF/PRF form link on page 16 towards the bottom of the page.
 - Addition of a pre-pair credits section (page 21)

Appendix A

Changes & Amendments

July 2024 Changes:

Document Retention:

- Clarifications made on RPRF form requirements and record retention

Cash:

- A cash section was added to address the large number of cash requests that we receive.

Door Prizes:

- This section has been combined with gifts

Educational courses:

- This section was amended to include courses, fees, and textbooks.

Entertainment and Community Building:

- This is a new section which was added.
- Additional text has been added to educational courses for credit and tuition specifying that university funding sources should not be used to pay for student courses, student course fees, or supplies including textbooks.

Gift cards:

- Moved to its own section of the handbook due to the high number of requests
- additional guidance added to point purchases to Procurement Services to obtain cards
- Links to the RPRF/PRF forms and guidance about when to complete those forms

Medications:

- Expanded the section and linked to the travel websites.
- Verbiage added to allow for CyBUY related medical purchases.

Personal Items:

- Updated to “personal use items” to minimize confusion. Extra clarification added.

Plaques and Awards:

- Redundant explanation removed and section partially rewritten

Tips & Gratuities:

- Rewritten to be more clear and concise

Token Items:

- This section was removed and combined with gifts.

Appendix A

- Reconfigured into the current gift section.