SECTION 1. Policy Statement

I. Reporting Requirements
   A. Tennessee Code Annotated § 49-14-104 requires that the University produce discretionary spending reports and submit to the Board of Trustees. Discretionary expenses are purchases made at the direction of the President/Chancellor for purposes that are not part of general office expenses, recurring campus operations, or strategic investments in campus programs. Examples of discretionary expenses include, but are not limited to: special projects, campus events, entertainment, and honorariums; as well as any expenses from gift/endowment funds established specifically for discretionary spending.
   B. On a quarterly basis, each campus, institute, and unit must compile a list of expenditures that:
      1. Are not part of the President’s or Chancellor’s operating budget; and
      a) Benefit the President or Chancellor in some manner; or
      b) Were incurred by them; or
      c) They directed the expenditure to be incurred.
   C. The list must include expenditures from any source, including but not limited to: University funds, foundation funds, athletic department funds, sponsorship fees, licensing revenues, royalty payments, and other funds that would not be included in the operating budget for the President or Chancellor.
   D. The list must include a separate line for each expense and include at least all of the following details:
      1. The date of the expense;
      2. The source of funds;
      3. The name of the University account charges;
      4. The vendor;
      5. Description of the expense (including the purpose of the expense); and
      6. The amount.

II. Submitting Reports
   A. Campuses, institutes, and units must submit their list to the Office of the Chief Financial Officer or designee.
   B. The Office of the Chief Financial Officer will submit a comprehensive list of reported expenditures to the Board of Trustees’ Audit Committee annually.

SECTION 2. Reason for the Policy
This policy facilitates the University’s compliance with T.C.A. § 49-14-104.

SECTION 3. Scope and Application
This policy applies to all University chancellors and the president.

SECTION 4. Procedures
The University has not issued procedures under this policy.

SECTION 5. Definitions
N/A

SECTION 6. Penalties/Disciplinary Action for Non-Compliance
Failure to comply with this policy could result in adverse human resources actions, up to and including termination.

SECTION 7. Responsible Official & Additional Contacts

<table>
<thead>
<tr>
<th>Subject Matter</th>
<th>Office Name</th>
<th>Telephone Number</th>
<th>Email/Web Address</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy Clarification and Interpretation</td>
<td>Blake Reagan</td>
<td>865-974-3971</td>
<td><a href="mailto:Breagan@tennessee.edu">Breagan@tennessee.edu</a></td>
</tr>
</tbody>
</table>
SECTION 8. Policy History

Revision 1: 10/01/2017

SECTION 9. Related Policies/Guidance Documents

BT0028 – Discretionary Expenditure Reporting for the President and Chancellors.