Disbursements & Travel Services Office

UTSA
Business-Related Hospitality and Entertainment Expenditures Policy
AM 0553
• **Purpose/Scope**

Expenditures of university funds for hospitality and entertainment should support the institutional mission with a clear business purpose.
• Authority

– Board of Regents’ Rule and Regulations
– Rules 20101 and 20205
– IRS compliance
– Entertainment expenditures are subject to periodic review by Internal Audit
• Authority (continued)

• UTSA relies on individual judgment at all levels of the organization in determining if hospitality expenditures are necessary and reasonable.

• Oversight of entertainment expenditures is required at senior administrative levels to ensure employees understand and follow the guideline.
• **Authority** (continued)

  – Expenditures and reimbursements must be approved by an administrator at the level of Assistant/Associate Dean, Assistant/Associate VP, Vice President or President

  – An employee may not approve his/her own expenditure reimbursement

    • Must be approved by a higher level or another Vice President
    
    – E.g. Vice President for Business Affairs may approve Vice President for University Advancement
• What are business-related hospitality and entertainment expenditures?
  – Occasions when the extension of hospitality in connection with official university business is in the best interest of UTSA.
  – Expenses related to hospitality and entertainment that support the institutional mission with a clear business purpose
  – Hospitality expenses directly related to or associated with the active conduct of official university business.
• **Allowable expenditures**
  – As a public institution, authorized UTSA officials must exercise prudent business judgment when reviewing proposed expenditures for food, beverage and incidental costs based on:
    • Allowability - (meets the directly-related or associated test per IRS regulations)
    • Availability of funds
    • Benefit to UTSA
    • Appropriateness of funding source
    • Reasonableness
• Allowable expenditures (continued)
  – Expenditure of funds to provide meals, light refreshments or entertainment, including any food item, catering, beverages, floral arrangements, paper or plastic service ware and related cost must comply with one or more of the direct purposes described below:
    • Administrative/business meetings
      – Agenda Driven
      – Official University business
      – Includes two or more employees
      – Scheduled during a regular meal time
      – Light refreshments maybe allowed at the discretion of the administrator
• **Allowable expenditures (continued)**
  
  – Flowers
  
  • Memorial Service
  
  • Extended illness of employee, spouse, child, parent, or retiree and is sent in the name of the department or office
  
  • Other occasions that serve a bona fide business purpose of UTSA
• Allowable expenditures (continued)

• Donors (prospective and donor cultivation) and fund raising events
  – Events hosted to generate goodwill

• Employee recognition or achievement
  – Receptions during ceremonies
  – Events to reward or recognize professional achievement, retirement, service to UTSA or State
  – Morale and team building activities

• Fee supported Functions
  – Events held in connection with fee supported programs
  – The cost of the hospitality is recovered by the participant fee
• **Allowable expenditures** (continued)

  – Learned society or organization meetings
    - Meetings or events held to promote or communicate intellectual ideas or
    - Exchange UTSA administrative and operational information on programs or activities
    - Involves students, faculty, staff, administrators or representatives of the public

  – Official guests
    - Functions or meetings when UTSA provides hospitality to official guests
      i.e. the Board of Regents, accrediting agencies, officials from other universities, public officials, recruitment activities
• Allowable expenditures (continued)

  – On the job meals
    • Meals to employees during work hours may be provided as a non-taxable benefit to an employee
      – Requires the employee to remain on site
      – i.e. an employee is required to work entire shift due to work load or is on call
    • Meal must be provided on business premises
    • During employees work hours
    • No limit to frequency
Allowable expenditures (continued)

– Official fundraising activities for non-UTSA sponsored events, benefit, charity
  - Purpose must be to fundraise/network on behalf of UTSA
  - Prior VP for External Relations approval recommended but not required if individual meal limits apply
• **Allowable expenditures (continued)**
  
  – Parking may be reimbursed to an employee:
    
    • Attendance at an event, i.e. luncheon or fundraiser
    • Allowable for local travel, but the expense must have a clear business purpose and be directly related to the conduct of official university business

  – Spouse or partner of a UTSA guest or UTSA host
    
    • Allowable when expenses serve a bona fide University business purpose or
    • When invited as a matter of protocol or tradition or contribute to the mission of the University
    • Examples are ceremonial functions, fundraising events, alumni gatherings, community and recruiting events
• **Allowable expenditures (continued)**

  – **Student Oriented Special Programs and Events**
    - Hospitality and entertainment expenses in support of:
      - Student events or programs
      - Student Organizations and related activities sponsored by UTSA
      - Academic and related student achievements such as commencement and student life activities

  – **Table sponsorship for non-UTSA sponsored events**
    - Requires prior approval by VP for External Affairs or designee
    - Individual meal limits do not apply
    - Individual seats do not require prior approval unless the meal limit is exceeded
• **Allowable expenditures** (continued)

  – UTSA sponsored events (Official Occasions)
    • Events hosted by UTSA employees
      – Conferences
      – Workshops
      – Seminars
      – Meetings
    • Events are usually for faculty, students or the general public
• **Student Oriented Special Programs and Events**

  – Recurring special programs and events may receive pre-approval to submit a “blanket” business expense form (BEF).

  – Pre-authorization may be appropriate for functions related to student oriented programs when the expenditures per attendee are minimal, recurring and paid by student fees.

  – To obtain a blanket authorization in advance of the program/event, the event sponsor must submit the request for approval to Disbursements & Travel Services.
• **Student Oriented Special Programs and Events** (continued)
  – BEF form must include the following information:
    • Estimated total expenditures
    • Event/program description
    • Anticipated dates (or range of dates for which the blanket authorization would be in effect: may cover a full fiscal year for areas with annual program budgets)
    • List of potential vendors names or individuals to be reimbursed to the extent known.
• Allowable Funding Sources for Entertainment

– Official Occasions accounts are the primary allowable funding source for hospitality expenses.
  • Authorized by the president to allow payment of entertainment, gift and hospitality expenses.
  • Funding is evaluated and awarded annually
  • Funding source is a distribution of “interest earnings”
  • Account titles must include “official occasions”
  • Transfers to and from these accounts are monitored by the Budget Office
• Allowable Funding Sources for Entertainment (continued)
  – Other Local institutional funds (Funds 31xx) may be used if:
    • Source is revenue proceeds and is collected as fees, for continuing education, professional development conferences or short courses.
    • Fee payer reasonably expects the fee proceeds to be used on food, entertainment or hospitality.
    • Used to pay hospitality at events that include a broad cross of the campus community particularly students and community members.
    • Does not include any 31xx funds that are sourced from designated tuition.
• Allowable Funding Sources for Entertainment (continued)
  – Auxiliary funds (Funds 4xxx)
  – Unrestricted gifts (Funds 55xx designated as restricted)
  – Agency (Fund 9200)
  – Restrictions:
    • Educational and General funds (Fund 21xx) are not allowed for entertainment.
    • Federal grant funds (Fund 51xx) are not allowed for entertainment, however, certain other expenses may be allowable (if in writing by the granting agency, pursuant to the scope of the work) when approved by the RSC (Research Service Centers).
• Maximum allowable Per Person Expenditure Limits
  – Breakfast, Lunch or Light Refreshments
    $25 per person
  – Dinner - $55 per person
  – Amounts are inclusive of gratuity and applicable taxes
  – Any event that exceeds $5,000 requires approval by appropriate Vice President
  – Prior approval (when possible) is required by the appropriate VP, if expenditure limit is to be exceeded.
• **Expenditure Limits** (continued)
  – VP cannot approve exceptions to the expenditure limits for an event which he/she is the event host
  – Alcoholic beverages cannot be the primary expenditure for reimbursement;
    • When authorized, reimbursement for alcoholic beverages is permitted, in addition to meal limits
  – Expenditures must not be excessive or lavish
  – Flowers
    • Generally will not exceed $100, including tax and delivery fees
• Disallowed Expenditures and Exceptions
  – As a general rule the following cannot be paid or reimbursed from university funds
  – Expenses that are lavish or extravagant
  – Social meals
  – Entertainment expenses including:
    • Flowers for employees birthdays, anniversaries, weddings, baby showers or farewell gatherings.
    • Does not include celebrations for retirement celebrations, minimum years with UTSA 5 years
  – Mileage reimbursement for local travel to a restaurant or to attend a hospitality-related event is normally not reimbursed.
  – Mileage between UTSA facilities is not reimbursed.
• **Disallowed Expenditures and Exceptions**

(continued)

– Exceptions for mileage reimbursement must be approved by the appropriate VP. Refer to HOP 4.28 Assignments to Downtown Campus for more information.

– Expenditures for coffee pots, coffee supplies, coffee services, microwaves, refrigerators for employees personal use, except if housed in official employee break rooms, officially designated public reception areas and approved by a VP as an exception.
• Disallowed Expenditures and Exceptions (continued)

– Monetary contributions to a political campaign or candidate and charitable organization, except when it is a table sponsorship to attend a non-UTSA event, charity or community function with a business related purpose.

– Expenditures for alcoholic beverages served on campus when the Permission to Serve Alcoholic Beverages form was not submitted and approved in advance.
• Disallowed Expenditures and Exceptions (continued)

– Reimbursements for state sales tax paid on supplies & related materials may be allowed on an exception basis.

– Tax exempt certificate should be provided to a vendor for all cash purchases of goods/services.

– Reimbursements of taxes paid on restaurant charges for meals is allowed.
• Alcohol Restrictions
  – Educational and general (state) funds cannot be used to purchase alcohol or alcoholic beverages (or any entertainment expense)
  – Serving alcohol at on-campus events
    • HOP Section 9.16 Use of Alcoholic Beverages
      – Requires President’s approval to allow alcohol to be served on campus
      – Food must be available
      – Dept. representative in a position of authority must be present
      – Cannot be served between 8:00 a.m. to 5:00 p.m. on normal workdays
    – Includes UTSA sponsored events on or off campus
• Alcohol Restrictions (continued)

• Requests to serve alcohol must be approved on a *Permission to Serve Alcoholic Beverages* form
  
  – Requires appropriate VP approval at least seven days prior to event
  – VP reviews the form and makes a recommendation to the President to approve or decline request
• Alcohol Restrictions (continued)

• Serving alcohol at off-campus events or paying for alcohol consumed during approved entertainment or hospitality events at off-campus sites:
  – Payment for alcohol may be allowed as part of a meal during authorized business entertainment and hospitality
  – Given the liability associated with alcohol, it cannot be the primary business expenditure on a itemized receipt
  – Exceptions require VP approval
  – VP may never approve their own exceptions
• Alcohol Restrictions (continued)

– Serving alcohol at off campus UTSA sponsored functions (normally catered, banquets, etc.), requires approval before authorizing purchases with a purchase order or catering contract or submitting a reimbursement request.

Note: Must complete the *Permission to Serve Alcoholic Beverage Form*
• **Reimbursement Procedures**

  – UTSA will reimburse entertainment, hospitality and related expenses that are:

  • Related to or associated with the conduct of official university business including UTSA sponsored events, and

  • Hosted by a UTSA employee
• Supporting Documentation
  – Properly completed Business Expense Form with appropriate business purpose noted
  – Original receipts required or electronic receipt containing equivalent information as an acceptable paper receipt
  – UTSA requires itemized receipts for consumables and non-consumable items
    • Detailed receipts required when total amount exceeds $75
  – Required to determine if expenditure reimbursement should be treated as taxable income to the employee
  – Declaration of Missing Evidence Form
    • http://www.utsa.edu/financialaffairs/Forms/#B
• Supporting Documentation (continued)

– One BEF may be submitted for reimbursement of an individual for multiple events or business purposes with appropriate documentation

– BEF is no longer required to request payment for advertising specialties and or promotional products such as logo’d items

– Parking cost do not require a BEF.
  • Reimbursements may be handled thru Fiscal Services
Supporting Documentation (continued)

– Documentation and Authorization for payment or reimbursement must be submitted within a reasonable period of time per IRS regulations

– UTSA has interpreted a reasonable period of time to be 90 days
  • If beyond 90 days, reimbursement request must have an explanation based on facts and circumstances for the delay
  • No longer requires VP approval
  • Approval by the University Controller or designee is required
  • Repeat offenders may be required to obtain VP approval
• Completing the BEF
  – http://utsa.edu/financialaffairs/forms/details.cfm
    ?form_number=2
Certifying the completed BEF:

- One Event host and one Administrator are required to certify each BEF – unless additional exceptions are required by this guideline.

- If a VP/division requires additional approval by their internal procedures, those cannot be enforced or monitored by Disbursements & Travel Services.
• Certifying the completed BEF (continued)

  – Event Host

    • An employee present at the event who is certifying that expenditures were made in accordance with this guideline.

    • Normally the individual who is requesting payment or reimbursement. However, that is not a requirement as often individuals within the department may purchase items for events to which they do not attend.

    • If the President or VP is the event host, then the Vice President for Business Affairs must approve in the administrator approval section.
Certifying the completed BEF (continued)

- Account Administrator
  - A designated, authorized approver of entertainment and hospitality expenses who is at least an Assistant/Associate Dean, Assistant/Associate VP, VP or the President.
  - Individual is responsible for ensuring that entertainment and other expenses conform to the requirements of this guideline.
  - Not the same as “account administrator” or “departmental account manager” used to describe those who have authority over a particular department ID or cost center.
  - Expenditures related to an official student program may be approved at the Director level as long as the event total does not exceed $500.
• Certifying the completed BEF (continued)
  – Additional approval is required for any of the following:
    • The maximum allowable person limit is exceeded
      – Appropriate Vice President must approve.
      – Additional approval is not required, if administrator is a VP level, unless VP is event host
    • The total cost for a single event exceeds $5,000
      – Appropriate Vice President must approve
      – Additional approval is not required, unless VP is event host
    • When requesting other exceptions to policy
    • Expenditures for table sponsorships
    • The President or a Vice President may not approve his/her own exceptions
• Account IDs
  – Account administrator’s responsibility for assuring the accuracy of the code
    • 67106 – Business Meetings
    • 67106 - Official Occasions
    • 67117 - Meals, Refreshments and Expense for Conferences, Workshops and Seminars
    • 67102 – Social Club Dues
    • 67108 – Flowers Others – Individuals
    • 63004 – Food for teaching research as part of an experiment (not hospitality, official occasions)
• Responsibilities

  – Associate VP for Financial Affairs
    • Monitors expenditures pursuant to guideline
    • Recommends revisions

  – Disbursements & Travel Services
    • Ensures payments and reimbursements are properly authorized
    • Verifies amounts and funding sources

  – Purchasing & Procurements Services
    • Ensures compliance with this guideline prior to authorizing a purchase order for entertainment or other items

Note:

  – All entertainment expenditures are subject to periodic review by Internal Audit and
  – All expenditures are open to public information requests
Incomplete BEF’s and Common Errors

- Incomplete BEFs will be returned
- Multiple BEF’s completed for one event
- Business Purpose is not clear
- Appropriate level of signatures not obtained
- Permission to Serve Alcohol form missing
- Birthday cards or birthday related expenses
- Coffee/coffee supplies without VP approval
- Scanned signatures not allowed
Questions?