



# UNIVERSITY OF HARTFORD

## Local Business-Related (Meeting, Food and Entertainment) Expense Policy

**Responsible Office:** Finance and Administration

**Effective Date:** 11/28/06

**Last Revised:**

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### Policy

The University of Hartford recognizes that, for many employees, local business-related food and entertainment expenses are incurred in order to further the mission of the University. By setting forth the requirements necessary for obtaining approvals and reimbursement of these expenses, the University is endeavoring to assist, as much as possible, its employees. This policy promotes the proper stewardship of University funds by providing general guidelines for the appropriate and legal uses of such funds. Inherent in this policy is the requirement to operate the institution following Generally Accepted Accounting Principles (GAAP), and to comply with federal, state, and local rules and regulations, while supporting the University's mission. The University shall reimburse employees for those ordinary and necessary expenses incurred on official University business. The employee, in turn, shall strive to incur business-related meeting, food and entertainment expenses in the most economical manner possible consistent with the nature of the business purpose. In all cases, expenditures should be reasonable, using sound business judgment.

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## **Definition Of Terms**

Local business-related food expenses include food provided on campus premises during **limited** types of approved University of Hartford meetings that include campus-wide representation or, on a very infrequent and special occasion, food provided by a department to promote the University's mission. A meeting agenda should precede the meal and continue afterward such that the food provided is considered incidental to the meeting. It should be recognized that in the normal course of every day business, food expenses relating to regular and/or recurring business meetings conducted by University departments/employees are not reimbursable with University funds.

Local business-related entertainment expenses include meals, tickets to musical and/or theatrical events and the like that are provided when an employee conducts a business discussion that provides a clear benefit to the University with a non-employee - donors/prospective donors, visitors from other universities, officials of the community, prospective appointees, etc. – either on campus or within a 50-mile distance of the main campus.

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## **Procedures**

The requirements placed on University employees by the University's Local Business-Related (Meeting, Food and Entertainment) Expenses Policy are uniformly applied to all funding sources. In order for reimbursements to employees for local business-related meeting, food and entertainment expenses to not be subject to the employee's taxable income, the University's policies must meet Internal Revenue Service requirements, including proper documentation of the business purpose. Supporting information should state:

- Individuals involved – state the person's name, title and company affiliation.
- Business topics covered in sufficient detail to identify the intended benefit to the University.

Expenses must be properly itemized. Any expenses not accompanied with original receipts will not be paid, except for charges such as mileage and tolls. A detailed receipt must be submitted, not a summary receipt. Reimbursement checks will be mailed directly to the employee's campus address (as shown on the Local Business-Related (Meeting, Food and Entertainment) Expenses form). Following are procedures pertaining to University requirements for specific areas, including local expenses/entertainment of non-University employees.

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### **A. Local Expenses by Non-University Personnel**

Non-University personnel (including contractors, consultants, and prospective faculty/staff member interviewees) may occasionally incur daily living expenses applicable to University business and have those costs charged to the University.

Any such charges must be in accordance with applicable contractual agreement terms and conditions and such statement must be attached as supporting documentation to the reimbursement request. This must be done through the University's Local Business-Related (Meeting, Food and Entertainment) Expense Voucher.

Advances will not be granted to these individuals. Applicable expenses incurred requires the appropriate supervisory approval and it is the responsibility of the employee requesting the arrangements to inform any non-employee of the University's Local Business-Related (Meeting, Food and Entertainment) Expense Policy and provide them with the appropriate University forms. The same restrictions and regulations are applied to non-University personnel as are applied to University personnel.

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## **B. Local Business Expenses under Grants and Contracts**

All local business-related food, entertainment and/or meeting costs charged to grants and contracts must be reasonable and in accordance with policies established by the sponsoring agency and the terms of the specific award. Before making any arrangements that will be funded by a grant or contract, departments should consult the terms and conditions of the specific award and the approved budget. Questions should be addressed to the Office of Grants and Contracts. Faculty members with grants that provide support for local business-related food, entertainment and/or meeting expenses should adhere to the guidelines as outlined in their particular grant and in the OMB Circular A-21. University employees incurring local business-related food, entertainment and/or meeting expenses under grants and contracts will be reimbursed for those expenses in accordance with the policies of the University, unless otherwise specified within the award. All local business-related food, entertainment and/or meeting expenses, regardless of dollar amount, must be documented and supported by original receipts.

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## **C. Non-reimbursable Expenses**

Non-reimbursable expenses include but are not limited to the following:

- Food and entertainment expenses between and/or among two or more University employees
  - Food expenses incurred by a department/unit for its own employees during recurring weekly/monthly meetings
  - Commuting between home and campus and between campus properties
  - Business club memberships
  - Corporate charge card delinquency assessments
  - Parking tickets, traffic violations and associated court costs
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## **D. Receipts**

The University will pay local business-related food and entertainment expenses after the appropriate Expense Voucher form is processed and approved by the Accounts Payable Department. See related procedure for Obtaining and Using a University of Hartford Purchasing Card.

The Local Business-Related (Meeting, Food and Entertainment) Expense Voucher form must include:

- Original receipts taped onto 8 1/2 x 11 paper and attached to the Expense Voucher form,
- Be signed by the employee,
- Be approved by the employee's immediate supervisor, and
- Forwarded to Accounts Payable within 15 business days of each local event, and prior to June 30 of each fiscal year.

Appropriate receipts/documentation includes:

### **Business purpose:**

- Written explanation of business purpose/itinerary or schedule of events. (Who attended-name/title/affiliation, what was the nature of the business and expected benefit to the University, where did the event take place, when did the event take place).

### **Meals:**

- Original credit card and cash register receipt (order stubs are not acceptable).

### **Miscellaneous:**

- Original receipts only

### **Unacceptable receipts include:**

- Restaurant tear tabs – If you do not have a detailed meal receipt, you must explain why.
- Photocopies, unless accompanied by a full explanation indicating the employee lost the original receipt and a statement claiming that you will not receive reimbursement elsewhere, e.g. grants/research awards, for the same expense.

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## **E. Sub-Accounts**

The applicable sub-account number to charge is 61850, Meeting Expense, for food expenses relating to limited types of meetings approved in advance by the respective executive officer.

The applicable sub-account to charge is 61800, Entertainment Expense, for meal expenses relating to business discussions with non-employees.

The applicable sub-account to charge is 68500, Food Expense, for meal expenses incurred by non-employees while providing services to the University on University premises as part of a contractual arrangement as a contractor or consultant or when visiting the University as an interviewee.

Any local business-related food expenses incurred as part of grants and contracts should be charged to the grant/contract number and then the applicable sub-account as appropriate.

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### **Related Procedures**

Purchase Orders

Obtaining and Using a University of Hartford Corporate Purchasing Card for Travel – Bank of America MasterCard™

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### **Related Forms**

Local Business-Related (Meeting, Food and Entertainment) Expense Voucher

Purchase Requisitions/Purchase Orders

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### **Related Policies**

#### **General Payment Policy**

The University must maintain control over the disbursement of its funds by requiring proper approval and consistent application of procedures for payment transactions. This policy seeks to promote fiscal control, timely and accurate disbursement of funds for external purchases and employee reimbursements, and compliance with state and federal regulations and donor restrictions.

The Accounts Payable Department, under the direction of the Director of Financial Accounting Services, is responsible for overseeing the payment process for the University, including oversight of appropriate payment method, the approval process, and disbursement controls. Certain specific responsibilities for payment of expenses, as described in this policy, are delegated to department administrators (department-level manager and above), business managers, and their duly authorized designees. All who have responsibility for any aspect of the University's payment functions must adhere to the provisions of this policy.

The University disburses funds for payment of goods and services only when the following conditions have been met:

- Expenses must be for a valid business purpose.

- Goods or services must have been procured in accordance with University purchasing policies.
- Transactions must be properly approved by an individual with decision-making authority and accountability for the funds being disbursed.
- Goods and/or services must have been received, or prepayment properly authorized.
- Transactions must include complete and accurate supporting documentation.
- Transactions must bear proper account codes, in accordance with established accounting policies.

### **Departments**

The administrator (department-level manager and above), business manager, or a duly authorized designee of the department having budgetary responsibility for the funds being disbursed must authorize every disbursement transaction. The administrator or business manager of a department is responsible and accountable for all transactions submitted by his/her department. Accordingly, the authorizer verifies that the transaction meets the conditions specified in the above policy statement, is appropriate within the department's approved annual budget, and is allowable within any applicable funding source restrictions.

### **Authorization**

Accounts Payable will process only those transactions bearing appropriate departmental authorization.

### **Government and Elected Officials**

University employees and officers will adhere to all local, state and federal restrictions, reporting requirements and the like that relate to food, gift and entertainment expenses allowable and disallowable for public sector employees, appointees and office holders. Contact the University's VP, University Relations for assistance when there are business relations with government and elected officials involving food, gift and/or entertainment expenses to ensure appropriate conduct.

## Accountable Plan vs. Non-Accountable Plan

### Documentation/Substantiation Requirements

The University currently has an “Accountable Plan” for employee business expense reimbursements. Under Internal Revenue Service (IRS) regulations for an accountable plan, expenses are required to meet these conditions:

- There must be a legitimate business purpose.
- It must be substantiated (receipts).
- Any excess amounts of a cash advance not used must be returned.

Expenses **not meeting all three conditions** may be taxable to the employee and therefore subject to the employee’s Federal Tax Return reporting as additional reimbursement.

Business related expenses under IRS rules are those that would be eligible for an employee deduction on his/her tax return if the employee paid for them out of his/her own pocket.

To satisfy substantiation requirements, all reimbursements must include an explanation of the business purpose for the expense and original receipts detailing the date, place and amount of the expense.

To view the IRS web link that explains accountable vs. non-accountable in detail, please click on link below:

<http://www.irs.gov/businesses/small/industries/article/0,,id=100490,00.html>



# Internal Revenue Service

United States Department of the Treasury

**Table 5-1. How To Prove Certain Business Expenses**

IF you have expenses for...	THEN you must keep records that show details of the following elements...			
	Amount	Time	Place or Description	Business Purpose and Business Relationship
Travel	Cost of each separate expense for travel, lodging, and meals. Incidental expenses may be totaled in reasonable categories such as taxis, daily meals for traveler, etc.	Dates you left and returned for each trip and number of days spent on business.	Destination or area of your travel (name of city, town, or other designation).	<p><u>Purpose:</u> Business purpose for the expense or the business benefit gained or expected to be gained.</p> <p><u>Relationship:</u> N/A</p>
Entertainment	Cost of each separate expense. Incidental expenses such as taxis, telephones, etc., may be totaled on a daily basis.	Date of entertainment. (Also see <i>Business Purpose</i> .)	Name and address or location of place of entertainment. Type of entertainment if not otherwise apparent. (Also see <i>Business Purpose</i> .)	<p><u>Purpose:</u> Business purpose for the expense or the business benefit gained or expected to be gained.</p> <p>For entertainment, the nature of the business discussion or activity. If the entertainment was directly before or after a business discussion: the date, place, nature, and duration of the business discussion, and the identities of the persons who took part in both the business discussion and the entertainment activity.</p> <p><u>Relationship:</u> Occupations or other information (such as names, titles, or other designations) about the recipients that shows their business relationship to you. For entertainment, you must also prove that you or your employee was present if the entertainment was a business meal.</p>
Gifts	Cost of the gift.	Date of the gift.	Description of the gift.	<p><u>Relationship:</u> Occupations or other information (such as names, titles, or other designations) about the recipients that shows their business relationship to you. For entertainment, you must also prove that you or your employee was present if the entertainment was a business meal.</p>
Transportation	Cost of each separate expense. For car expenses, the cost of the car and any improvements, the date you started using it for business, the mileage for each business use, and the total miles for the year.	Date of the expense. For car expenses, the date of the use of the car.	Your business destination.	<p><u>Purpose:</u> Business purpose for the expense.</p> <p><u>Relationship:</u> N/A</p>