

2420 Business Meals, Entertainment and Social Events

SECTION: PURCHASING AND DISBURSEMENTS
EFFECTIVE: JULY 1, 2007
REVISED:
RESPONSIBLE OFFICE: VPAF
APPROVAL: VPAF

PURPOSE

The purpose of this policy is to provide guidance for those procuring meals, entertainment and social events for GTU business. It is designed to ensure the best use of the GTU's resources; to encourage discretion as it relates to incurring costs when conducting school business; to ensure compliance with applicable federal regulations and grant agreements; and to provide a clear and consistent understanding of the school's expectations pertaining to meals, entertainment and social events.

This policy applies to any individual (faculty, staff or student) incurring expenses related to meals, entertainment and social events conducted in connection with GTU business. Visiting students, scholars and other non-school personnel conducting GTU business may be reimbursed for reasonable expenses in accordance with this policy.

Payments for reasonable GTU related expenses that are substantiated and made in accordance with this policy are not considered taxable income to the traveler.

POLICY

Expenditures for a reasonable number of business meals and entertainment events are the necessary result of the normal business operations of the GTU. In all cases, the business meal or event must be appropriate to the situation and the nature of the business conducted by the GTU or one of its departments. Prudent business judgment and moderation, coupled with disciplined budgetary control, dictate whom these functions serve, the frequency of events, and the reasonableness of related costs.

The total amount and relative percentage of a department budget which is appropriate to spend on business meals, entertainment and social events should be discussed in advance upon submission of the annual operating budget. Managers with budgetary responsibilities are responsible for authorizing and monitoring events and the associated level of expenditure within the context of the approved budget.

General Provisions

Definitions

Business Meals Meals at which faculty, staff, students and other external parties are present for the purpose of conducting substantial and bona fide GTU business.

Business Entertainment and/or Other Social Events Events involving faculty, staff or students, and guests of the GTU in which a substantial purpose of the event is social in nature.

Policy Sections

2420.1 Business Meals

Meals at which faculty, staff or students, and external parties are present for the purpose of conducting substantial and bona fide school business are allowable to the extent set forth in this policy.

A business meal may occur in conjunction with travel or may be unrelated to travel.

Requirements for Reimbursement and GTU Credit Card Backup

For a business meal to be reimbursed or charged to a GTU credit or purchasing card, a business purpose with a list of attendees and their business relationship to the GTU is required by the I.R.S. regulations. A detailed list of attendees is required for meals up to and including 10 people. For a group of more than 10 people, a description of the group will suffice. A detailed receipt (must include date, items ordered, amount and place) from the restaurant is required. However if such a receipt is not available, a credit card receipt may be acceptable.

Failure to provide this required information may result in a denial for reimbursement or a credit card charge to be considered taxable income to the card holder.

Business Meals Involving External Parties

The GTU allows payment for reasonable and necessary meal expenses incurred during a business meeting involving external parties if the purpose of the meeting is to discuss school business, and it is necessary or beneficial to the GTU to provide a meal while the meeting is being held.

Business Meals Involving GTU Personnel

The GTU allows payment for reasonable and necessary business meal expenses for meetings involving only school personnel under certain circumstances. The frequency of such meetings and the related expenses must be reasonable and appropriate to the purpose of the discussion and the nature of the business conducted by schools and departments. Such meetings may include:

- 1) Breakfast, lunch, and dinner meetings which are necessary for the conduct of school business;
- 2) Formally organized meetings which are necessary to carry out the business of official committees appointed by the school; or,
- 3) Meetings of an organized work group of employees that require the work of the group to progress through a normal mealtime.

For Employees Working Overtime

When department requirements necessitate overtime work of two hours or more after normal business hours, management may reimburse employees for meal costs providing other provisions of this policy are met.

Required Authorizations

The department manager or a designee with appropriate decision-making authority must approve expenses for business meals. For meals charged to restricted grants, the grant project manager must approve expenses.

2420.2 Entertainment and Other Social Events

Certain events sponsored in connection with student, faculty or staff-oriented social activities, fund raising, employee recognition, holiday gatherings and other similar functions may be allowable as business expenses and should be discussed in advance with the department manager. The following conditions must be met to qualify for payment of expenses incurred in connection with business entertainment and social events from GTU funds:

- 1) the event may be approved by the department manager if the event costs less than \$1000;
- 2) the event must be approved by a GTU officer, Vice-President, Dean, or a designee if the event costs \$1000 or more;
- 3) alumni and fund raising events must be approved by the Vice President for Advancement or an officer of the corporation;
- 4) if the event involves external parties, the person(s) entertained must have an actual or potential business relationship with the GTU; and
- 5) the event will provide a benefit to the GTU.

Student, Faculty or Staff-Oriented Functions

The GTU hosts a variety of student-oriented functions that are designed to enhance campus life and provide a sense of community. Additionally, the school sponsors various faculty social functions to foster collegiality and recognition among its staff, faculty and visiting scholars. The frequency and related costs of these events must be appropriate to the situation(s) and the nature of business conducted by the school and its departments.

Departments may conduct a staff social event to promote teamwork and community building among employees who work together to achieve common business goals and objectives. These types of events would generally consist of a meal, reception, picnic or other appropriate event that results in a reasonable cost for the entire group.

Staff Meetings

The GTU hosts monthly meetings of staff and faculty to facilitate communication and understanding of important school programs and initiatives. Meals may be provided for these meetings, provided they are appropriate to the situation and modest in cost. Birthdays, retirements, and annual service recognitions may be celebrated with these events.

Alumni and Fund Raising Events

The Vice President for Advancement or an officer of the corporation must authorize significant social events that are held to entertain alumni, current donors, and prospective donors.

Employee Recognition

Group luncheons or modest receptions may be held by a departments or work units to celebrate the service of its employees. Similarly, a department or work unit may conduct a modest reception to recognize the retirement or a lunch to recognize the departure of a long-standing employee who had provided excellent service.

Holiday Gatherings

A holiday gathering can be sponsored from GTU funds provided that the event is reasonably modest in nature and is limited to one event per year for each department. Departments should make every effort to consolidate these holiday activities among their various units to ensure that the total cost for the department is reasonable and prudent.

Birthdays, Secretary's Day and Other Similar Occasions

GTU funds cannot be used to sponsor a social event for individuals in recognition of Secretary's Day, birthdays, or other similar occasions. Additionally, GTU funds may not be used to provide gifts to individuals in recognition of these events.

2420.3 Substantiating the Business Purpose

To qualify for reimbursement or payment, employees must substantiate the business purpose of the expense in compliance with the provisions set forth elsewhere in this policy. The Internal Revenue Service requires all business meals and entertainment expenses to be properly documented. This includes the reason for the entertainment, the benefit expected to be derived as well as the name, title, and affiliation of the individual(s) being entertained.

2420.4 Location of Social Events

Schools and departments should generally conduct entertainment and other social events on GTU premises to the extent practicable. In some instances, these events may be conducted in a place other than school facilities, but in all such cases, it must be demonstrated that the purposes of the department and the objective of the event are best served by that decision. In the limited number of authorized cases in which business entertainment events take place in a personal residence, reimbursement from GTU funds shall generally be limited to traditional catering costs.

2420.5 Limitations on Some Expenses

Expenses for alcoholic beverages, entertainment and other social functions are unallowable costs for *federally* funded grants. Expenses incurred in connection with entertainment and social events should generally be charged to restricted grants and endowment income accounts unless such expenses are allowed under the terms of the grant or endowment.