

2-9: Hospitality and Entertainment Policy: Guest Meals, Business Meals, Receptions

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I. Purpose

There are occasions when extending hospitality through meals and entertainment is in the best interest of the College. This policy identifies the limited situations in which College funds may be used to pay for meals and entertainment.

A clear business purpose must exist when expending any College funds. To ensure that resources are being used appropriately and that we are being good stewards of the funds entrusted to us consider these questions:

1. Is the expenditure in line with the guidance provided in this document?
 - If not, is there a good explanation as to why the expenditure is appropriate?
 - Has it been adequately documented?
2. Could the amount spent be defended under public scrutiny?
 - Would you be free from worry if the expense was selected for audit or media inquiry?

Funds for expenditures of this nature are generally unallowable on grants and should be funded by unrestricted funds of the College.

II. Key Compliance Matters

From an IRS perspective, for meals and entertainment to qualify as a business expense, they must be ordinary and necessary and not lavish and/or extravagant and must be directly related to or associated with the College's mission. In addition, a College employee must be present at the meal/event for it to meet the IRS business expense regulations. Because the IRS imposes strict substantiation/documentation requirements on such expenditures, the College requires the following documentation on such expenses:

- List of attendees
- Documented business purpose (e.g., signed meeting agenda)
- Cost, supported by detailed receipt
- Date and location of meal

*Per IRS regulations, meals and entertainment expenses are considered taxable income to the employee if the expenses do not meet the criteria of this policy and are not substantiated with sufficient supporting documentation.

Amount

Expenditure amounts for business meals must be reasonable and acceptable and shall not exceed the per diem. Meal rate for the meal being provided (breakfast, lunch or dinner) as defined by the government agency website that sets per diem rates.

Charges for alcohol may not be paid from College funds.

IV. Allowable Hospitality Expenses:

Allowable hospitality expenses have been divided into general categories. They include 'Business Meals', 'College Functions, Receptions, and Retreats', 'Meals and Flowers Purchased by Student Groups', and 'Meals Provided during Class Field Trips'.

Allowable hospitality expenses are the responsibility of departmental and/or Vice President budgets. Sponsored program accounts may be used if the expense is specifically approved in the budget and is in accordance with sponsor guidelines, restrictions and College policy. When charging hospitality expenses to the above funding sources, expenses for alcoholic beverages are prohibited.

Following is a description of each of the categories along with examples of allowable hospitality expenses.

Meals or Refreshments Served During Business Meetings:

The College may pay or reimburse for actual expenses incurred for meals whose primary purpose is a business discussion. Generally, the attendees should include at least one non-College employee whose presence is necessary to the business discussion. Expenses may be incurred only for those individuals whose presence is necessary to the business discussion. These may occur either locally or during out of town travel.

The College will not pay or reimburse meal expenses that lack documentation or a clear business purpose. In order to qualify for College payment, meetings attended solely by College employees must be agenda driven and directly concerned with the business of the College, must be infrequent, and the meeting time encompasses a regular meal time that could not otherwise be scheduled during regular working hours.

Following are examples of business meeting where meal and refreshment expenses are allowable.

- Meals related to the individual recruitment of faculty or staff. When entertaining prospective employees, only meal expenses for the prospective employee and the principal individuals involved in the decision-making process will be considered allowable meal expenses. When the spouse/partner of the prospective employee is present at the meal, the College will also reimburse the meal expenses of the spouse/partner or guest of the principal individuals responsible for the recruiting.
- Meals or refreshments served during College sponsored meetings of advisory groups, outside reviewers, or other committees when the group is composed of both College employees and non-employees.
- Meals for individuals invited as academic visitors to contribute to the intellectual life of the College community. Normally, such visitors will deliver a seminar, colloquium talk, or other lecture or performance for the benefit of College faculty students and/or the community at large.
- Working breakfast, lunch or dinner meetings, when groups of employees are giving up personal time to conduct College business with a non-College employee whose presence is necessary to the discussion.

College Functions, Receptions and Retreats

College funds may be used to provide food at a meeting, reception, seminar, retreat, workshop, orientation, Board meeting, meetings with external stakeholders, activities involving volunteers, activities in which a majority of the participants are students or other College sponsored programs or activities. Invoices, payment requests, or procurement card receipts for these expenditures must include a brief description of the business purpose of the gathering and a list of attendees.

Following are some examples of allowable functions, receptions and retreats:

- Annual campus-wide holiday receptions
- Receptions for faculty, staff, and students/families when the predominant numbers of those in attendance are students and their families.
- Receptions to honor visitors, guests, or dignitaries.
- Receptions for the opening of new exhibits at College facilities.
- Meals provided during annual or bi-annual department faculty/staff retreats. These meals are allowed twice per year.

Meals Purchased by Student Groups

Food paid for by student fee funded organizations are allowable with approval of the RSO President and Treasurer.

Meals Provided During Field Trips

Meals may be purchased for field trips only if paid for with fees that have been approved for that purpose.

Unallowable Hospitality Expenses

Certain hospitality expenses are unallowable on College funds. Following are examples of unallowable expenses.

Alcoholic beverages: The purchase or reimbursement of alcoholic beverages is not allowable with College funds.

Departmental holiday and other social functions: Departmental functions that are considered personal are not authorized for reimbursement by the College. Expenses related to holiday receptions, luncheons, greeting cards, decorations, birthday parties, etc., are not allowable on College funds.

Office coffee break & refreshment supplies:

Supplies for coffee breaks, office refreshments, etc., are considered personal and may not be purchased with College funds.

Items of a personal nature: Expenses for items of a personal nature are unallowable on College funds. Examples include memberships in golf clubs, memberships in Outdoor Pursuits, etc.

Expenditures not addressed in this policy may be addressed in the College P-Card Policy.