

University of North Alabama

Entertainment Policy

General

It is understood that the business of the University of North Alabama (UNA) requires some expenditures of an entertainment nature. In all cases however, there must be a clear, documented business purpose for the event/expenditure that indicates the event's benefit to the University. This policy is intended to be neither all inclusive nor to address every situation which may arise.

In general, State laws and regulations expressly prohibit the University from spending University funds on: alcohol; spouse meal and travel expenses; tickets to athletic and cultural events; and expenses associated with social events.

In addition, OMB Circular A-21, which dictates Federal cost principles for educational institutions, requires that the type expenses addressed in this policy be captured separately as they are considered generally unallowable. Therefore, appropriate coding of such expenditures when charging to an account is required.

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 University's mission. In addition, a UNA 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 University must be able to provide the following documentation on such expenses:

Amount

Date, time, and place

Business purpose served by the expenditure

Business relationship to the University of each Person in attendance

Meals

Expenses for meals other than those incurred while on travel status can fall into two broad categories: business meals and guest meals.

By definition, **business meals** would include meals provided during business meetings involving the following: only University employees during normal working hours; persons being compensated by UNA via a professional service or other contract; meals served during/associated with advisory council type meetings; meals at UNA hosted/sponsored conferences/meetings/seminars; and meals provided to students while on campus or in conjunction with continuing education programs.

Conversely, **guest meals** are those provided to distinguished guests, interviewees and persons visiting UNA as non-paid guests accompanied by a UNA employee host. Unless the UNA employee is considered in a "travel status", his/her meal will be capped at \$25.

Meals and refreshments incidental to a business meeting that involves **substantive** business discussions and include primarily only UNA employees may be provided if, for reasons of continuity, the meeting extends through a traditional meal time period. Such business meals should be infrequent and should generally be served at the meeting site.

Documentation requesting payment/reimbursement of business meals while in travel status must include **all** of the following: Guest list of all in attendance that denotes each participant's association with UNA, itemized bill (credit card receipt only is not sufficient) and a detailed statement of the business purpose.

Guest Meals

Guest meals are defined as those meals provided during the course of UNA business when at least one non-UNA employee is present. There must be a documented business purpose (must meet IRS ordinary and necessary criteria) and need for business to extend into a traditional meal time period. The cost of the meal must be reasonable, not lavish or extravagant, and the number of UNA employees present to entertain the guest should be kept to a minimum. The expenses for spouses or other family members in attendance and/or alcohol served cannot be charged to University funds. Guest meals are limited to actual expenses up to a total of \$60/day per guest.

Meals served during interview situations, for guest lecturers, visiting scholars and other distinguished guests of the University are considered guest meals and are limited to actual expenses up to \$60/day per person. The number of University employees participating should be kept to a minimum.

Documentation requesting payment/reimbursement of guest meals must include all of the following:

Approved by Executive Council March 21, 2011

- Guest list of all in attendance that denotes each participant's association with UNA
- Itemized bill (credit card receipt alone will not be sufficient)
- Detailed statement of the business purpose

Receptions

Expenses associated with Retirement Receptions may not be paid using University accounts. Departments choosing to host a meal rather than a reception for a retiring employee may not use University funds to do so.

Meals and/or receptions for employees leaving the University who are not retiring are considered personal in nature and may not be paid using University funds.

Coffee Break & Refreshment Supplies

Supplies for coffee breaks, office refreshments, etc. are considered personal and may not be purchased with University funds. Refreshments for business meetings which meet the business purpose test may be purchased using University funds if documentation supporting the business nature of the purchase and subsequent use is provided.

Other Functions

Expenses associated with seasonal gatherings/meals, birthday/wedding/baby celebrations, non-retirement employee departures and social gatherings (even if for morale building purposes) are considered to be personal in nature and may not be paid using University funds.

Flowers, Invitations & Greeting Cards

Flowers purchased for decorative purposes for official UNA business functions may be paid for using University funds. Flowers for any other purpose including corsage/boutonnieres for retirement functions, flowers for ill/deceased UNA employees/donors/friends etc... may not be purchased with University funds.

Gifts, Plaques & Framing

Gifts or anything that might be perceived as a gift, including items given as a thank you for services provided, etc... cannot be purchased using University funds.

Plaques and/or framed artwork purchased for permanent display on a University owned building wall, may be charged to University funds. All others may NOT be charged to University funds. Regarding awards to students, written criteria for awards and the selection process must be provided with reimbursement/payment request.

Donations

University funds cannot be used to make a donation/contribution to any outside agency/institution or other groups.

Exceptions

Generally, any exception to University entertainment policies must have prior written authorization by the applicable functional Vice President and the President or Vice President for Business and Financial Affairs. However, rules promulgated by the State of Alabama have precedence.