

IDAHO STATE UNIVERSITY
MANUAL OF ADMINISTRATIVE POLICIES AND PROCEDURES
Non-Travel Meals, Refreshments, Entertainment, and Gifts

MAPP 03.A.2

POLICY INFORMATION

Section Title: Finance and Administration

Subject: Non-Travel Meals, Refreshments, Entertainment, and Gifts

Responsible Executive: Vice President of Finance and Administration

Sponsoring Organization: Finance and Administration

Dates: Issued: August 17, 2009 Revised: _____ Annual Review: August 17, 2010

I. PURPOSE AND SCOPE

This document establishes policy and guidelines to ensure Idaho State University (ISU) complies with the Idaho State Board of Education's (SBOE) policies and procedures related to expenditures for meals and food items, entertainment, and gifts. ISU's policy provides direction to individuals expending funds while conducting official business on behalf of ISU. This policy applies to all entities of the University.

II. POLICY STATEMENT

Along with its role and mission of providing higher education for the State of Idaho, ISU serves as a center for social and cultural activities and events. The University, its officers, and its faculty are often called upon to sponsor, support or participate in various business functions and events. These functions and events, referred to as "official business or social functions," can take many forms, including business meetings, public relations, and others. Because of the unique roles universities play in the State, these activities are important and participation is considered necessary. While the expenditure of University funds for such purposes is necessary and appropriate and serves the best interests of the community and students, it is important to note that ISU is a steward of the public trust as it relates to public funds. The University takes this very seriously, both in fact, and in appearance. The guiding principle should be that expenditures are for the good of the University, represent a valid business purpose, and are necessary.

Expenditures of this nature will be reimbursed by the University only when such activities are directly related to the objectives and mission of the University and are properly reviewed and approved. This policy will clearly define when University funds, including state, local, grant, or Public Relations accounts, may be used for meals or refreshments, entertainment, and gifts.

III. RESPONSIBILITIES

It is incumbent upon all University employees to use good judgment and be mindful that they also are stewards of the public trust. It is the responsibility of every University employee to ensure that University funds are prudently used to advance the mission of the institution and the academic needs of its students.

It is the responsibility of the University President to vest authority for spending University funds in persons possessing sound administrative judgment. Business meals and refreshments, food items, entertainment expenditures, and gifts (as well as other similar expenditures discussed below) are subject to the approval of the University President, as delegated to the responsible Vice Presidents or Deans. Authorization of such expenses certifies the event or activity was an “official business or social function” with a valid business purpose, and that the claim is fully documented as such. Approving individuals must determine that the activity is directly related to the objective and mission of the University, evaluate the importance of the event in terms of the costs that will be incurred and benefits that are anticipated, and ensure the expenditure is necessary.

IV. DEFINITIONS

Business Meals – An informal meal typically at an off-campus location for discussion of official university business. Such meals generally include individuals external to ISU.

Conferences – For purposes of this MAPP, conferences are defined as meetings held at ISU involving ISU and external participants.

Sponsored Programs, Grant Accounts, etc. - Accounts fully funded by an outside sponsoring entity.

Local Accounts - Accounts funded through University, auxiliary or departmental activities, not state appropriated dollars.

Public Relations Accounts - Limited, special accounts funded through local funds or ISU Foundation funds. Certain types of expenditures addressed by this policy require executive review as described below and may only be paid from a Public Relations account (see section VII.)

State Accounts - Accounts fully funded through appropriation by the State of Idaho.

V. EXPENDITURES REQUIRING BUSINESS PURPOSE CERTIFICATION

Meals and food, entertainment, and gifts represent expenditures that, while related to official business or social functions, may be perceived by some to be of a personal nature and thus require specific business purpose certifications as described below.

- A. A *Meals/Food, Entertainment & Meeting Request Form* must be completed for all expenditures involving business meals or entertainment or other food purchases. This includes claims for reimbursement by an individual, as well as direct pay requests processed through the Office of Purchasing. The form can be found on the Finance and Administration Website at under “Online Forms.” All parts of the form must be completed. Key elements for completing the form are discussed below:
1. **Business purpose statement** - Provide a clear and informative statement of the business purpose on all forms. Statements like “business lunch” or “meeting” are not adequate.
 2. **Receipts and documentation** - Provide original, itemized receipts. Credit card receipts must include sufficient detail to identify the nature of the goods provided and whether alcohol was purchased.
 3. **List of Participants** - List participants or recipients for meals and entertainment reimbursement. Groups over ten (10) may be identified by group name only and estimated number of participants.
 4. **Agenda** - If applicable, provide a meeting agenda, announcement, or flyer.
 5. **On-Campus Food Service** - On-campus food service purchase orders must include a completed *Meals/Food, Entertainment & Meeting Request Form* along with an agenda, announcement, or flyer. The form is routed to the on-campus food service provider for review and invoicing, who then submits it to the university’s accounts payable for payment.
 6. **Signature certification** - A department head or administrator, at least one management level above the requestor, must sign the *Meals/Food, Entertainment & Meeting Request Form*. The signatory is certifying that the cost is deemed reasonable and necessary to accomplish the intended purpose, that related documentation is complete, that the stated business purpose is valid, and that the expenditure conforms to all applicable policies.

Failure to meet policy standards may result in denial of reimbursement to the individual who incurred the cost or late payment to on or off campus vendors.

(Please note that for reimbursement of other, non-food items the requestor should complete and sign the separate “Request for Reimbursement Form” available on the Accounts Payable website.)

VI. SPECIFIC GUIDELINES

Guidelines for specific types of purchases governed by this policy are discussed below. This list is not intended to be all inclusive.

- A. **Meals, Food and Entertainment** - Meetings, food, and training session expenses are defined as the cost of food, refreshments, and related services for both State and non-State employees. The dollar amounts should be reasonable and appropriate for the activity. The following criteria pertain to meals regardless of the funding source.
1. **Compliance with the State of Idaho Controller's Office** - Meal costs that are to be paid by or reimbursed by the University must comply with the specific requirements of the Idaho State Controller's Office (see paragraph 6 below for additional detail.) Neither Purchasing nor the Controllers Office has the authority to approve or process expenditures that do not meet the State Controller's criteria.
 2. **Meals provided by relatives are not reimbursable** - Payment for the cost of meals provided by relatives or other parties is not allowed unless the other party is in the business of providing such services and advertises to the general public.
 3. **Food service contractor** - The University has a contractual obligation to grant the on-campus food service contractor exclusive rights to provide food and food service for all official events occurring on campus. The only exceptions are:
 - a. Permitted refreshments not exceeding \$50 for consumption in a department or organization meeting.
 - b. Certain food purchases by student groups.
 - c. Food brought on campus for individual personal consumption.
 - d. Food brought on campus for potlucks or other non-official events.
 - e. Meals and food provided through the College of Technology's Culinary Arts program.
 - f. Circumstances where the food service contractor declines or is unable to provide the requested food service.
 4. **Employee meals and refreshments at official station** - "Official station" is defined as the work area or office assigned to the employee. Meals typically may not be provided to employees at their official work station. On rare occasions when a valid business purpose exists and with supervisory approval, a meal may be provided when an employee is required to work after normal business hours and beyond the normal evening meal time.
 5. **Conference meals** - Meals may be provided to an employee at a conference held at ISU if, in addition to a published agenda, at least one of the following criteria is met:
 - a. The conference has participants from various off campus locations.
 - b. The meal cost is included in the registration fee.

6. **Meals or refreshments at University sponsored events and training meetings -** Meals and refreshments provided at ISU sponsored meetings or training for ISU employees and student employees shall meet the criteria required by the State of Idaho and described below. If the criteria are not met, the related costs must be charged to a public relations account.
- a. Refreshments:
 - i. The meeting or training session has a published agenda and attendance is mandatory;
 - ii. The meeting or training session has an intended duration of three hours or more;
 - iii. There are five or more attendees; and
 - iv. The total cost per attendee of the refreshments, per refreshment break, will not exceed the allowable partial-day per diem amount established for breakfast.
 - b. Meals:
 - i. The meeting or training session has a published agenda and attendance is mandatory;
 - ii. Location or scheduling conflicts do not lend themselves to a meal recess;
 - iii. The meeting's business is furthered by speeches, presentations or interpersonal exchange that would not normally occur on a daily basis;
 - iv. The meeting or training session has an intended duration of six hours or more;
 - v. There are five or more attendees; and
 - vi. The total per attendee meal does not exceed the allowable partial day per diem reimbursement for lunch.

Note that meals provided by the on-campus food service provider will be paid at the standard published rate of the provider. However, the per-attendee cost of meals for events held off campus must not exceed the appropriate allowable partial day travel per-diem rate for meals.

7. **Social gatherings** - Business meals or refreshments related to social gatherings or informal or casual meetings are not allowed unless paid from a Public Relations Account and a valid business purpose exists.
8. **Staff meetings** - Regularly scheduled staff meetings that do not meet the criteria described in item 6 above, or department-sponsored social gatherings, do not qualify

for meal or refreshment provisions unless such meetings occur no more than quarterly and attendees are brought together from various locations throughout the state.

9. **Retirement or separation receptions** - The University recognizes the importance of retirement or separation receptions to honor the efforts of a valued employee. The University will reimburse or pay for the cost of food for a reception held on campus that is open to all. Other allowable expenses include a card or sign-in book. These expenditures must be paid from local funds, not appropriated or grant funds. Employees with less than five (5) years service at ISU are not eligible for retirement or separation receptions funded by the University.

Gifts related to retirement or separation of employees are only allowed for retirees that meet the state's requirements. Separation gifts cannot be paid from University funds, regardless of source. All University-sponsored retirement gifts must be coordinated through Human Resources, which funds these gifts. Should a unit or department desire to purchase retirement gifts in addition to University-sponsored gifts, they must be paid from personal funds, not University funds. The following retirement gift choices are funded by the University:

- a. Employees with 5 through 9 years of service receive a certificate of appreciation and a pen set.
- b. Employees with 10 through 19 years of service receive a certificate of appreciation and their choice of a gold or silver retirement watch.
- c. Employees with 20 and higher years of service receive a certificate of appreciation and their choice of:
 - A University Chair
 - A University Rocking Chair
 - A Deluxe Retirement Watch (gold or silver)
 - A tree planted on their behalf on campus
 - A \$250 donation in their name for scholarships or library holdings

For detail information related to retirement or separation awards or gifts, see the Human Resources MAPPs.

10. **College or Business Unit Sponsored Activities** – Meals and food items for college or business unit activities such as holiday celebrations, picnics, etc., should be limited in number and should either be “potluck” or funded through Public Relations accounts.
11. **Student Activities and Events** – Student organizations sponsoring activities or events are permitted to pay for meals and refreshments from their local fund accounts for events they sponsor or participate in. However, they must meet all other criteria related to documentation and approval, including procurement of alcohol. Activities sponsored by University organizations that involve students and are related to

recruiting and retaining students are exempt from the criteria in section 6 above, but must meet all other documentation and approval requirements.

12. **Employee and Faculty Recruitment** – Business meals or refreshments provided during the official recruitment process may be reimbursed or direct paid through a state or local account (and grant accounts if permitted by the granting authority) as long as the amount does not exceed the allowable partial-day per diem amounts established by the State. Any amount in excess of the per-diem amount must be charged to a public relations account.

B. **Alcoholic Beverages** - The University recognizes the need for official social events, as well as community relations or public relations activities. Payment of expenses related to these events is permitted only when such activities are directly related to the objectives and mission of the University. The procurement of alcohol for on-campus events requires prior approval by the University President. The procurement of alcoholic beverages for off-campus meetings or events such as business meals or entertaining is permitted when a valid business purpose exists. Payment or claims for reimbursement of alcoholic beverages for off-campus events must be charged to a Public Relations Account. (For additional information see MAPP [TBA])

C. **Awards and Gifts** - Awards and gifts typically include mementos, presentation and or recognition gifts, door prizes, gift certificates, cash, etc. The University understands the value of recognizing and encouraging the dedication, support, and participation given to the University by both employees and non-employees. These tokens of appreciation are never to be used for or considered to be compensation for services rendered. Awards, regardless of value, may be taxable. Non-compliance with IRS rules subjects the University to fines and penalties. It is ISU's intention to fully comply with IRS rules and regulations. Following are specific criteria related to awards and gifts that must be met:

1. **Business purpose requirement** - A clear business purpose must be provided for the award.
2. **Nominal value requirement** - The award, if tangible, must be of a nominal value. If cumulative awards for the year exceed nominal value, they may be considered taxable. The IRS does not define nominal. Accounts Payable will review payments for awards and request the submitting organization to collect the required information before payment is made, should an award be determined to be taxable.
3. **Types of awards and gifts** - The University recommends that awards and gifts be limited to such things as:
 - a. Items engraved, printed, or marked with the reason for the award, i.e. certificates, plaques, trophies, or other items so marked.
 - b. Items branded with the University's or department's logo, mark, or name, i.e. mugs, hats, shirts and other items typically available from the University Bookstore.

4. **Prohibited gifts** - Gifts to employees for such events or activities as birthdays, weddings, showers or Christmas gifts and other similar occasions may not be purchased with any ISU funds, including local, appropriated or Public Relations funds. However, Public Relations accounts may be used to pay for non-employee gifts (see the Public Relations Accounts section below).
5. **Meaningful presentation** - The award or gift must be given as part of a meaningful presentation. Generally an award will be made or announced at an event or gathering. The appearance of personal gift giving or favoritism should be avoided.
6. **Other procedures mandated by the Office of the State Controller** - Additional State Controller procedures for recognition awards or gifts to employees include:
 - a. Gifts and awards should conform to a written policy or procedure outlining the scope of the awards program.
 - b. Gifts and awards to employees shall be based only on work-related performance.
7. **Cash awards or gift certificates** - Generally, cash awards or gift certificates are discouraged, regardless of their source. Gift certificates allowing the recipient to choose from a variety of merchandise from a business or vendor are treated the same as cash awards by the IRS, meaning they are taxable and ISU must include the awards as compensation when preparing W-2's for employees and 1099's for non-employees. All such awards are taxable to the recipient, regardless of amount. If cash awards or gift certificates are contemplated, the department must coordinate with Accounts Payable. Awards or gifts of this type must be:
 - a. Approved at the Dean level or above.
 - b. Pre-approved by Accounts Payable to ensure all taxpayer information is obtained. Required information includes names, addresses, social security numbers, and signatures from the individual receiving the award. In addition, a current Vendor Information (Substitute W-9) Form must be on file.
8. **Door prizes** - Door prizes meeting the awards and gift criteria may be procured when a valid business purpose exists.
9. **Sponsored projects** - Research projects sometimes require the use of cash or gift certificates to ensure participation in the project. Special approvals and certifications apply. Contact Grant Accounting or Accounts Payable.
10. **Funding sources** - Gifts and/or donations, as well as sponsorships, cannot be made using State appropriated funds. This type of gift expenditure must be processed through local or Public Relations accounts.
11. **Receptions** - The University will reimburse or pay for the reasonable cost of a recognition reception held on campus that is open to all where awards are presented. However, awards may be presented at various other types of gatherings, which may

have different policy requirements governing meals and refreshments. (See section A.9 for information related to retirement receptions and gifts.)

D. Flowers and decorations - Flowers and decorations are generally not procurable using University funds. However, the following exceptions apply, but such exceptions must be charged to the appropriate account type as described in the matrix at the end of this MAPP.

1. Flowers, plants, and other gifts provided to ISU employees and their families, in the event of a death in the immediate family, or other rare, non-recurring event.
2. Flowers, plants, and other gifts given to the family of a deceased student. To avoid duplication and maintain consistency, all such offerings must be coordinated through the Vice President of Student Affairs.
3. Flowers, plants, etc. given to non-employees in recognition of their contribution to the University.
4. Items used to decorate public or common areas (but not offices or workstations), such as vases, planters, pictures, flowers, plants, etc.
5. Items used to decorate the entrance to a University building.
6. Items used to decorate at University sponsored events.

E. Break room consumables and supplies - Beverages, snacks, consumables, and related supplies for the consumption of employees are the responsibility of the employees in a given area unless the primary purpose is for student or public use. This includes water coolers, bottled water, and related services; unless they are provided for public consumption and are clearly located in an area frequented by students or the general public. Refrigerators, microwaves, and other related break-room equipment are permitted when available for use by all employees in an area.

VII. Public Relations Accounts

Public Relations Accounts are special accounts controlled by the University President, Vice Presidents, and Deans, as designated by the President. These accounts are established to accommodate the costs of necessary official business or social function expenditures such as entertainment and other business-related expenses. These expenditures require written approval from the account holder (i.e., President, Vice President, or Dean.)

In addition, these expenditures must be consistent with the SBOE's policy regarding entertainment and related expenses. Section V (U) of the SBOE policy dealing with entertainment and related expenses says; "*The chief executive officer, and his or her designated employees are authorized to use foundation and local funds for entertainment and related expenses for official functions. Public relations expenses, such as flowers and plaques, social and business club memberships, charitable donations, contributions,*

and other out-of-pocket expenses are reimbursable if they are reasonable, necessary, and related to the function of the institution as determined by the chief executive officer. These expenses shall be properly documented to support the business purpose of the expenditure. In addition, actual expenses shall be reported to the Board upon request.”

A. **Allowed uses** - Public Relations accounts may be used to pay for the following business related expenses with written approval from the account holder (i.e., President, Vice President, or Dean.)

1. Entertainment costs for employee group meetings for official planning or training purposes that do not conform to the general requirements described in section VI.A.6 above.
2. Business meals, dinners, receptions, retirement, and honoring functions, and other such meetings that are not for official planning or training purposes and do not meet the requirements of section VI.A.6 above.

B. **Prohibited uses** - No ISU funds (including State appropriated funds, local funds, grant funds, or Public Relations accounts) may be used to pay for birthday parties, secretary or boss day gifts or meals, casual parties, (including related items such as cards, decorations, etc.) or casual mealtime meetings exclusively involving ISU employees. Such activities are normally regarded as a personal expense and will not be paid or reimbursed by the University.

PRESIDENTIAL CERTIFICATION

Approved: *Arthur C. Vailas*
President, Idaho State University

Date: *June 26, 2009*

ACCOUNT ALLOWABILITY MATRIX

Expenditure Types	State Appropriated Funds	Grant Funds	Local Funds	Public Relations Funds
Authorized awards and /or recognition programs for employees	YES	YES ²	YES	YES ¹
Social events such as birthdays, parties, office parties, etc.	NO	NO	NO	NO
Meals and refreshments for business meetings and retreats to conduct University business or for staff and student development.	YES ³	NO ²	YES	YES ¹
Official recruiting costs for faculty and staff positions	YES	YES ²	YES	YES ¹
University or Departmental Sponsored recognition or reception events	NO	NO	YES	YES ¹
Alcohol, if authorized for University events	NO	NO	NO	YES ¹
Memorial gifts and/or recognition approved by the President.	NO	NO	YES	YES ¹
Gifts of nominal value to donors, members of governing boards, volunteers, and University Supporters	NO	NO	YES	YES ¹
Flowers for employees, spouses, members of University governing boards, and others significant to University.	NO	NO	YES	YES ¹
Entertainment and related expenses for official functions.	NO	NO	YES ³	YES ¹

Exceptions and/or Explanations

- 1 Unless specifically prohibited by donor
- 2 As allowed per granting agency or contract agreement
- 3 If meets state requirements