



# UNIVERSITY OF RICHMOND

## Policy Manual

<b>Policy #:</b>	FIN-4204	<b>Policy Title:</b>	Business Meals and Entertainment
<b>Effective:</b>	07/01/2019	<b>Responsible Office:</b>	Office of Strategic Sourcing & Payments
<b>Date Approved:</b>	06/13/2019	<b>Approval:</b>	Executive Vice President and Chief Operating Officer
<b>Replaces Policy Dated:</b>	Prior to 2009	<b>Responsible University Official:</b>	Senior Associate Vice President and University Controller

### PURPOSE:

This policy is to provide guidance to individuals who are entertaining or incurring meal expenses on behalf of the University and to ensure the appropriate use of University resources to further the University’s mission of teaching, research, scholarship and service. Additionally, this policy is designed to ensure the University’s compliance with Federal tax law and third party sponsoring agency regulations, as applicable.

### SCOPE:

This policy applies to anyone who incurs meals or entertainment expenses paid by the University of Richmond, regardless of the source of funds. This includes faculty, staff, and students.

Federally funded grant awards may have additional requirements and are not addressed in this policy. Principal investigators should review the grant’s specific requirements or contact the Grants Accounting Office for assistance.

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### **POLICY STATEMENT:**

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#### *4204.1 – Definitions*

##### Accountable Plan

An accountable plan is a reimbursement arrangement or method for reimbursing employees for business expenses that complies with IRS regulations and the related Treasury regulations. The accountable plan requirements must be satisfied to ensure that employees may be reimbursed on a tax-free basis.

##### Allowable Expense

A necessary, reasonable, and appropriate expense incurred for the primary benefit of the University

##### Appropriate

Appropriate means an expense is suitable or fitting in the eyes of an objective third party, and fulfills a valid business purpose.

##### Business Purpose

The business purpose establishes that a particular good, service, or activity is necessary to fulfill the mission of the University and primarily benefits the University, not the individual. In order for an expense to be reimbursed under the accountable plan, or allowable on a University purchasing card (P-Card), a legitimate business purpose must be provided.

##### Necessary

An expense is necessary when it is required to achieve a particular business objective.

##### Reasonable Expense

A reasonable expense is ordinary – not lavish or excessive – and reflects a prudent decision to incur the expense on behalf of University in furtherance of its business.

##### Receipt

A receipt is a document that substantiates the business transaction and provides proof of payment of an expense. A receipt will typically include date of transaction, merchant name, list of items purchased or services received, form of payment (cash, check, credit card), and amount paid. Credit card statements are not sufficient, nor are copies of canceled checks, unless other documentation supporting the amount paid and what was purchased is also included.

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### 4204.2 – Overview

The primary sources of University revenue are students and their families (*e.g.*, tuition, room, board) and individuals and philanthropic individuals and organizations that have been inspired to give to the University in support of our mission (*e.g.*, current use donations, endowment support). Members of the University community have a responsibility to exercise good judgment and prudence when incurring meal and entertainment expenses on the University's behalf.

The University will pay for reasonable, appropriately documented, and properly authorized meal and entertainment expenses that are necessary to achieve a legitimate business purpose so long as those expenses adhere to the guidelines outlined in this policy. In general, the frequency and quality of meals and entertainment expenses should be governed by what is reasonable and appropriate to the purpose involved.

For the meal or entertainment expense to be allowable, the employee must provide the business purpose for the expense, along with specific details including the names of the attendees, cost, date, and location of the meal. For those meals where there are ten (10) or more individuals included in the meal and it is difficult to determine who attended the event, the name of the department or organization and an estimate of the number of individuals in attendance may be provided, rather than actual names.

### 4204.3– Business Meals

*Travel Meals:* Meals involving business-related travel are considered allowable expenses. Please see *FIN-4200 Travel Policy* for more information and guidelines.

*Meals with Visitors and Guests:* The University allows payment for reasonable and necessary meal expenses incurred during a meal at which faculty, staff, or students and external parties are present for the purpose of discussing University business. Examples of such meals include meals with job candidates and meals and receptions while hosting visiting scholars.

*Employee-Only Meals:* University payment for business meals attended only by UR employees which do not involve travel is only permitted if documentation supporting the meal clearly establishes the business purpose of the meal and that the business could not reasonably take place any other time or manner. The frequency of such meals and the related expense must be reasonable and appropriate to the purpose of the discussion and the nature of the business conducted.

Meals eaten alone while not in travel status do not qualify as a business meal or business expense.

If the meal is established to be a legitimate business expense, the most senior University representative present at the meal is responsible for the expense and must be the individual who provides P-Card payment or seeks reimbursement.

### 4204.4– Departmental Events and Functions

*Student-focused and academic functions:* Student-oriented receptions that are designed to support student programming or enhance campus life and community are permissible, as are meals and receptions held in conjunction with academic programs. The business purpose must be noted, and the frequency and cost of such events should be appropriate to the situation.

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*Employee events:* University payment for meals or receptions provided to a group of employees, such as an annual holiday party, reception recognizing the service of a colleague departing after years of service, or meal associated with a planning retreat, training activities, or completion of a major project, may occasionally be permissible to serve the purpose of promoting goodwill, employee relations, and morale, or to celebrate significant accomplishments within a unit or department. Such events should not be frequent, and the costs must be reasonable and appropriate to the situation. Meals which may be classified as personal events such as birthdays, weddings, showers, etc., are not allowable University expenditures.

### *4204.5– Food or Refreshments for University Events*

Food or refreshments required for a University on-campus event (breakfast, luncheon, dinner or reception) should be provided through Campus Dining Services unless Campus Dining Services is not available for the event. The department should review the Food and Beverage Guide, <http://events.richmond.edu/events/food-beverage-guide/index.html> or contact the Events Office.

### *4204.6– Tips and Gratuities*

Tips and gratuities are reimbursable for normal services associated with food service. Tips included on meal receipts will be reimbursed. As a rule, employees should not tip more than 20% of the bill. Tips should be reasonable and any unusual amounts should be documented.

### *4204.7– Payment Options*

There are several options available to employees for payment of business-related meals and entertainment expenses that comply with this policy. These options may not be available to students; therefore, students incurring permissible expenses should consult with the sponsoring office before making payment.

### University Credit Cards

University credit cards (P-Cards) may be used for meals and entertainment expenses related to a business purpose. A receipt must be provided. Review *FIN-4301 Purchasing Card Policy* for detailed information about University credit cards.

### Reimbursement

If an individual has used their own funds for a permissible business meal or entertainment expense, they may seek reimbursement. All expenses submitted for reimbursement require a receipt and must comply with this policy. Reimbursement requests must be submitted within sixty (60) days of the completion of the event in order for the payment to be considered non-taxable to the employee.

All employee reimbursements will be issued as direct deposit payments; therefore, employees seeking reimbursement should ensure they have direct deposit setup in BannerWeb before submitting their request.

### Direct Bill

In limited situations, such as group events, the department may request that the vendor or merchant direct bill the University for meal and/or entertainment expense.

### Internal Departmental Transfer

When purchasing meals or incurring expenses using campus-based vendors, the department should request the expense be charged directly to the department's budget index.

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Situations in which meal and entertainment expenses are made on behalf of individual students or reimbursements are provided to students must conform to *FIN-2101 Policy on Provision of Payments to Students*. Although students may receive their reimbursement by check or direct deposit, direct deposit is strongly encouraged.

### *4204.8– Accountable Plan*

The University’s reimbursement policy is intended to meet the Internal Revenue Service definition of an “accountable plan.” In order to reimburse employees for business related expenses on a tax-free basis, federal tax rules and the IRS audit requirements must be followed. Under the accountable plan, the reimbursement of expenses must meet the following requirements:

- Expenses must have a business connection and must be reasonably related to the expenses the University is expected to incur.
- Expenses must be substantiated within sixty (60) days of the completion of the event. Receipts must be provided for the expenses.

Failure to satisfy an expense within 60 days of the completion of the event may cause the expense to be treated as though it were paid under a non-accountable plan and treated as compensation, subject to required payroll tax withholding.

### *4204.9– Roles and Responsibilities*

#### Responsibilities of Payee

The payee bears the responsibility to:

- Ensure all expenses being paid or reimbursed by the University are valid, have a legitimate business purpose, and conform to University policy and grant or donor restrictions (where relevant);
- Attest that expenses submitted for reimbursement have not been previously paid through a prior submitted expense report, travel advance, an outside agency or other third party, or a University credit card;
- Submit all forms related to the event to the University via the appropriate approver within sixty (60) days of the completion of the event;
- Retain accountability for ensuring all expenses are in accordance with this policy document and sponsoring agency, if applicable, even though the employee may delegate responsibility for the preparation of the reimbursement request to another employee.

The electronic submission of the expenses for payment or reimbursement affirms that these responsibilities have been met.

#### Responsibilities of the Approver

Individuals authorized to approve business expenditures of others will administer these policies and have the responsibility to:

- Review the expenses;
- Attest that the purpose of the expense is valid and directly related to University business;

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- Ensure that information contained on the request is properly documented and supported by attached receipts;
- Affirm the expenses were necessary, reasonable, and consistent with University policies and the stated business purpose;
- Request further documentation or explanation for expenses that appear to be excessive or unusual in relation to the nature of the meal or event. Explanation of such expenditures must be included with the reimbursement request or P-Card report;
- Submit the approval through Chrome River on a timely basis;
- Understand that while Accounts Payable will review the request, the primary responsibility for the appropriateness of expenditures rests with the department representative incurring the expense and the individual responsible for departmental approval.

The electronic submission of the approval for payment or reimbursement affirms that these responsibilities have been met.

### Responsibilities of Supervisors and Employees Making Arrangements on Behalf of Others

Supervisors are responsible for ensuring that faculty, staff, students, and University guests who may be incurring expenses on behalf of their unit are aware of and adhere to this policy. Employees who make arrangements on behalf of others are responsible for adhering to this policy and making others involved in the event aware of these and other applicable policies.

### Responsibilities of Accounts Payable (Controller's Office)

The Accounts Payable Office is generally responsible for reviewing requests prior to processing to verify that expenses are reasonable. They are responsible for:

- Ensuring information on the reimbursement request is supported by accompanying documentation and/or receipts, and is both complete and in accordance with this policy;
- Reviewing expenses for compliance with University policies;
- Ensuring the requests have received the appropriate approval(s) and are mathematically accurate;
- Ensuring additional information or clarification is provided for any unusual requests;
- Processing the properly documented and approved requests expeditiously.

If the request does not meet one of the criteria listed above, Accounts Payable may contact the individual seeking payment or approver, return the request for corrections, deny payment, and/or request repayment to the University for expenses for which the University was charged directly.

### Responsibilities of Principal Investigators

In addition to responsibilities described in this policy, grant principal investigators (PIs) who are incurring or approving expenses associated with an externally funded grant must adhere to the expenditure requirements defined in FIN-1203, Grant Expenditures. PIs are also responsible for being aware of and complying with any grant-specific requirements related to business meals and entertainment expenses specified as part of the grant award that differ from the University's institutional policies. Please contact the Grants Accounting Office for assistance.

### **RELATED POLICIES:**

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*FIN-4101* Policy on Use of University Funds and Financial Responsibilities  
*FIN-1203*, Grant Expenditures  
*FIN-4200* Travel Policy  
*FIN-4301* Purchasing Card  
*FIN-2101* Policy on Provision of Financial Resources to Students

### **POLICY BACKGROUND:**

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Policy was reviewed by Academic Deans and President's Cabinet prior to approval on 06/13/2019.  
This policy replaces a policy that was previously approved prior to 2009.

### **POLICY CONTACTS:**

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Accounts Payable Manager, Accounts Payable Office  
Director of Strategic Sourcing & Payments, Office of Strategic Sourcing & Payments  
Senior Associate Vice President and University Controller