



This policy applies to University administrators, faculty and staff.

| POLICY NAME | EFFECTIVE DATE | POLICY NUMBER |
|---|------------------|---------------|
| Entertainment and Business Meal Expenditures | December 1, 2018 | TBD |

POLICY STATEMENT

While the breadth of the university's mission may occasionally require the need to purchase entertainment or business meals, these expenditures must be reasonable and managed in a prudent and fiscally responsible manner. Units are expected to operate within their approved budget and any allowable expense must be funded from within that approved budget.

For any on-campus catering event, the university's contracted dining partner "Aramark" should be explored as a first option if their price is competitive.

ENTERTAINMENT

Entertainment expenditures that are incurred in connection with events that are primarily social or recreational activities in support of the university's mission may be permitted and should include an external party. Such activities must support an underlying university business purpose such as promoting goodwill, student recruitment, donor cultivation, etc. The expenditure shall be supported by documentation including but not limited to: location, date, itemized receipt, clearly defined business purpose, names of participants (if 15 or less) and/or identification of the group (if more than 15) attending and the approximate number of participants. Entertainment expenditures must be coded as Entertainment Expenses, 566000.

BUSINESS MEETING/MEAL

For a meeting to qualify as "business related," the meeting must be planned with a defined, strategic business objective. The expenditure shall be supported by documentation including but not limited to: location, date, itemized receipt, names of participants (if 15 or less) and/or identification of the group (if more than 15) attending, meeting agenda and/or a clearly defined business purpose (subject matter covered or type of training) is required to establish expectations of the meeting. Meals or refreshments that are incidental to and a continuation of the business purpose of the meeting are considered business related and can be coded as Business Meals, 559000.

See **Related Information** section for a non-inclusive list of acceptable entertainment and business meal expenditures and unallowable expenditures.

TIPPING

Gratuities for business meals are allowable; however, they must be reasonable and not exceed a threshold of 20%. Please be mindful of situations where gratuity is automatically included. (For example, if your bill is \$100 and an 18% tip is added by the merchant, any additional tipping should not exceed 2%, or \$2.00.)

For large catering/delivery orders (pizza, sandwiches, box lunches, etc.), a 20% tip may be too generous. We urge you to use proper discretion in determining the proper tip amount. For example, if you order sandwiches from a nearby sub shop and the total cost is \$1500, a 20% tip, or \$300, would be excessive. A 5% tip, or \$75, would be more reasonable.

ALCOHOL

Alcohol may not be charged to general funds, sponsored programs, or other restricted funding sources. If the funding source allows for the purchase of alcohol it is to be in conjunction with the entertainment activities sponsored by your department or unit (see **Related Information** section for the list of acceptable events). Since alcohol may present risks, events at which it is available should be managed with proper risk management and due care. For a detailed listing of permissible funding sources, refer to the [Alcohol Beverage Purchases Policy](#).

SPOUSE, CHILDREN and NON-EMPLOYEE EXPENSES

Entertainment and meal expenses for spouse and children may be paid from discretionary funds if all of the following conditions are met:

1. Spouse or children presence has a bona fide business purpose
2. The employee substantiates the expense
3. The expense is approved by the Department Head, Chair or appropriate administrative office.

'Bona fide business purpose' means the presence of the spouse or children is 'essential' and not merely 'beneficial' to the employee being able to carry out his/her business purpose for the University. Spouse or children's duties cannot be merely incidental to the business purpose. The spouse's or child's performance of some incidental service does not make it a bona fide business expense.

Examples of acceptable and bona fide purposes include:

- a. A university employee is attending a meeting and the spouse or child attends with the intention of actively participating for business purposes such as presenting or outright advising during the meeting.
- b. The spouse or children's attendance is considered a "necessary service" as a representative of the university. For example, a spouse or child is required to be in attendance of certain events, alumni/fundraising activities, ceremonies, or recruitment. This serves as a publicity and public relations function and is contributing to the mission of the University.

Non-employee (guest speaker, recruit, donor, etc.) meal and entertainment expenses may be paid in conjunction with the approved entertainment and business meal criteria.

PAYMENT

The university's ProCard is the required method of payment for business meals, entertainment, and alcohol expenses. (As a reminder, the ProCard cannot be used for an employee's meals while traveling unless the employee is entertaining a guest(s) or conducting a business meal.)

REASON FOR POLICY

The purpose of this policy is to outline the proper use of university based funds for entertainment and business meal expenditures.

RELATED INFORMATION

Examples of acceptable entertainment expenses include:

- Alumni or donor events- Events hosted to promote the university and seek support to fulfill the university's public mission.
- Receptions- A gathering of individuals associated with a university-sponsored event that provides the opportunity for interaction in a setting that is not purely social in nature.
- Meals with/for guest speakers (and other non-employees)- Hosted by the university for the purpose of entertaining guests before or after the event
- Commencement-related activities -Catering for students, their families, and/or faculty and staff to honor graduating students.

- Faculty, staff, student, and parent award programs or appreciation events- Catered events in celebration of university milestones.
- Student related functions - Group and general attendee function hosted by the university (or a University department) with a business purpose, provide a supplemental educational experience or facilitate student recruitment, retention or student wellbeing.
- A non-routine event hosted by a department and specifically planned for participants of a conference, seminar, workshop, Grand Rounds, or similar event. University employees may attend as registered attendees, host, or as assigned supporting staff.

**If affiliated with a course curriculum or academic performance, the Financial Aid Office must be contacted before arrangements are made and/or the expense is incurred.*

Examples of acceptable business meeting/meal expenses include:

- University meeting or event with external parties (i.e. vendors, consultants, or other individuals from other geographic locations) for specific business purposes on a non-routine basis.
- All day training and/or working meals (infrequent in nature)-situations that require employees to work through a meal period and the food is brought into the work area. Please note: these events shall not be the result of neglect, poor planning or lack of organization by the spending unit (i.e. any meal with the sole justification of "it is the only time we could meet" is not an acceptable business purpose).
- Formally organized school, department, center, or institute business meetings involving multiple business units. To qualify, a meeting must be of at least one-half day duration and an agenda must be prepared. **Please note:** this does not include meetings held only over the lunch hour.
- Recruitment meal-hosted by the university for the purpose of recruiting prospective faculty, staff, or students.

Unallowable Expenditures:

- Any entertainment/business meals paid using grant funds (unless specifically allowed in writing by the agency and included in the budget). If allowed, additional supporting documentation from the agency is needed in addition to what is required in the above mentioned sections.
- Normal staff or departmental meetings, including a regularly scheduled meeting (i.e. weekly, monthly, once per semester, etc.).
- Informal Employee only social gatherings, such as, but are not limited to:
 - Anniversaries
 - Birthday Parties
 - Baby Showers
 - Individual Employee Recognition Parties
 - Informal Going Away Parties (retirement celebrations are allowable)
 - Promotion Parties

Please note: The examples above are not an all-inclusive list. If the event or item(s) is/are not included in either list, please contact the Controller's Office service account, (controll@louisville.edu), referencing "Entertainment/Business Meal" in the subject line, for clarification as to whether or not the expenditure is allowable before you commit to the obligation.

For more details on entertainment and business meal expenses and the documentation required, see the [Procure-to-pay grid](#)

[Expense Accounts PDF](#)

[Alcoholic Beverage Purchases Policy](#)

See the [University Travel & Entertainment Policy](#) for information relating to spouse, children, and non-employee travel.

DEFINITIONS

Entertainment expenditures include catered meals, light refreshments and related services (e.g., labor charges, room rental, equipment rental, decorations, flowers, and similar expenditures) incurred in connection with events that are primarily social or recreational activities in support of the university's mission.

Business meeting/meal is a meeting in which meals are provided with prospective employees, donors, colleagues or individuals from companies during which specific university business discussions take place.

- To qualify as a business meeting/meal under this policy, the attendees will usually include at least one non-university employee whose presence is necessary to the business discussion.
- A business meeting/meal attended solely by university employees should be **infrequent** in nature and only when participation is required during a lunch hour.

Recruitment expenses (non-meal related) paid by the University for the purpose of recruiting prospective faculty, staff, or students. Examples: hotel, car rental, cab fare etc.

- Prospective employees who are under consideration for positions that require specialized training and/or experience of a professional, technical, or administrative nature, and
- Student Scholars

RESPONSIBILITIES

All employees are charged with providing full support to this policy. It is the responsibility of the VP, Dean, Director, Chair, LFO, and/or designee (ex. Unit Business Manager) to implement this policy within their school, department, or unit. A VP or Dean has the latitude to adopt more restrictive rules for their unit or school. The Controller's Office is available to answer questions or provide additional information regarding this policy. Please contact the office via the Controller's Office service account (controll@louisville.edu).

Responsibility for interpretation of this policy rests with the Belknap and HSC CFO and/or their designee.

HISTORY

Revision Date(s): January 1, 2015, December 5, 2017
Reviewed Date(s): January 1, 2015, December 5, 2017

ADMINISTRATIVE AUTHORITY

Vice President Finance/Chief Financial Officer

RESPONSIBLE UNIVERSITY DEPARTMENT/DIVISION

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