

The University of Texas of the Permian Basin Entertainment Policy

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Entertainment

The University of Texas of the Permian Basin occasionally provides activities for donors, visitors, faculty, staff, and others that might be classified generally as “Entertainment.” In every case these “entertainment” expenses must be related to hosting an official University of Texas of the Permian Basin function or activity with a business related purpose. In no case are these activities solely for the benefit of the host(s). The business purpose and benefit to the University of the “Entertainment” must be clearly delineated through the use of an **Official Occasion Expense Form** which must be signed by the host, the appropriate Dean or Vice President, and when the President is the host, the Vice President for Business Affairs in the role of Chief Business Officer. When the bill is submitted for payment or reimbursement, it must be accompanied by receipts for the expenditure. Gratuities may be added to the amount of a receipt submitted for reimbursement, when a gratuity is customary (meals). The gratuity amount should not generally exceed 15% of the cost before taxes.

Entertainment includes reasonable and necessary expenditures from non-Educational and General funds/non-appropriated funds for carrying out social activities that advance the purposes of the University. Alcoholic beverages may be provided at such activities **only** when paid for through the use of unrestricted gift funds and with the approval of the President.

The purpose and benefit of the entertainment to the University may be direct or indirect. An example of entertainment with a potential direct benefit would be a luncheon for a donor in which a University gift is solicited. An example of entertainment with a potential indirect benefit would be a dinner for new faculty to introduce the new faculty and their spouses to each other and to University staff who may work with them on a regular basis. Key factors in evaluating entertainment expenditures include the reasonable and necessary (cost effective) nature of the expenditure, the direct or indirect benefit to the University, and the purpose of the social function in advancing the University business purposes.

48 **Non-Allowable Expenses**

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50 Business meetings of University staff members may not be conducted over University paid lunches
51 (or other meals) unless there is documentation on file that **no** other time during regular working
52 hours was available during the same week for the business meeting to occur. If the meeting is of
53 an emergency nature, the documentation on file should show that **no** other time during regular
54 working hours was available during the same day (of the emergency) for the business meeting to
55 occur. Reimbursement will not be allowed when two or more employees choose to have a meal
56 together or conduct business as an incidental part of the meal, or when the meeting could have
57 been scheduled during regular working hours. Scheduling a meeting during a meal as a matter of
58 personal convenience does not create an allowable expense.

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60 Whenever meal receipts are required, the receipts submitted **must** include the itemized restaurant
61 detail of what was purchased for the meal. Alcoholic beverages may only be paid for using
62 unrestricted gift funds.

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65 **Maximum Allowable Amounts**

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67 The maximum allowable amounts to be expended on an entertainment activity will vary by the type
68 of activity. Generally a dinner will cost more than a lunch; a reception will cost less than a dinner.
69 A dinner should not generally cost more per person than 100% of the per person University of
70 Texas of the Permian Basin total daily meal allowance for travel using local funds. A reception
71 should generally not exceed 75% of that amount per person. A lunch should generally not exceed
72 50% of that amount per person. To the fullest extent possible all expenses should be kept to the
73 lowest reasonable and necessary level. Cost should **not** limit the activity such that it does not
74 serve the intended purpose. These guidelines include food, taxes, service charges and gratuities.
75 Rental of meeting facilities is considered an additional expense. Alcoholic beverages may only be
76 paid for using unrestricted gift funds.

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79 **Official Occasion Expense Form**

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81 The **Official Occasion Expense Form** is the primary documentation form for Entertainment
82 expenses. The form should be completed showing the names of individuals and/or groups at an
83 event. The business purpose of the event must be clearly described. Signatures must be
84 complete and correct. When advance approval is required, the form may be used for that purpose
85 and the signature dates should reflect the timing in advance of the event.

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88 **Recruitment Expenses**

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90 Candidates for faculty and some administrative positions are often entertained over a meal. Such
91 expenses are allowable, but must be approved in writing in advance by the supervisor of the
92 position being recruited **and** that person's supervisor. The second level supervisor will typically be
93 the President or the Division Vice President. The maximum allowable amounts apply to such
94 meals. An **Official Occasion Expense Form** is required.
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97 **Club Memberships**

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99 The University of Texas of the Permian Basin may provide Club Memberships that are available to
100 and controlled by the President's Office. These memberships will be direct billed to the University
101 along with any daily charges incurred. Use of the Club Membership must be documented by an
102 **Official Occasion Expense Form** and must be signed by the host, the appropriate Dean or Vice
103 President, and when the President is the host, the Vice President for Business Affairs in the role of
104 Chief Business Officer. The completed forms must be filed with the President's Office **before** the
105 use occurs, preferably before the reservation is made. Reservations will be made only upon
106 approval of the use by the President's Office. Charges will be billed by the President's Office to the
107 using departments and their accounts that are allowable for such uses.
108

109 Personal use of Club Memberships on an occasional basis may be permitted with the approval of
110 the President's office, but the personal use must be documented as personal use and must be paid
111 by personal check directly to the club (included with the monthly University payment). The
112 documentation will occur on an **Official Occasion Expense Form** with the clear notation in the
113 purpose and benefits sections of the form, "**Personal Use.**" To the extent that Internal Revenue
114 Service (IRS) rules require, such personal use may be identified as an add-on to the individual's
115 taxable income each December and added to the W-2 form in the IRS approved manner.
116

117 If all expenses are for business related purposes, sales tax is not applicable for dues or expenses.
118 State sales tax is payable on personal expenses incurred during the month. In this event, sales tax
119 is the responsibility of the host and is to be paid directly to the club by personal check in addition to
120 the costs related to the entertainment.
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123 **Beverages for Visitors and Guests**

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125 Expenses for coffee, tea, bottled water, soda, and related supplies may be purchased for the
126 consumption of departmental visitors. Non-State funds **must** be used for such purchases. **Gift**
127 **funds are the preferred payment source;** when University visitors are a significant consumer of
128 beverages, the expense may be allocated in part to other types of non-State funds. Employees
129 who consume beverages are expected to contribute towards the expense of such beverages.
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132 **Flowers**

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134 Flowers may be purchased with non-State funds for memorial services or extended illnesses of an
135 employee, an employee's spouse, child, or parent, (or equivalent), or a retiree, and must be sent in
136 the name of the department or office. Flowers may also be purchased for other occasions that
137 serve a bona fide business or social purpose of the University of Texas of the Permian Basin. Cost
138 for flowers should be reasonable and necessary; for individual recognition, expenses should not
139 generally exceed \$100, including delivery fees. For other occasions, the cost of flowers should be
140 reasonable in the context of the event.

143 **Holiday Functions**

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145 Holiday functions may occur for recognized holidays and generally should not exceed two
146 University sponsored events per year that involve the same general group of attendees. A
147 University-wide faculty/staff Holiday function may build camaraderie among faculty/staff, establish
148 strong working relationships, and enhance morale. A departmental event for department members
149 may occur if unrestricted gift funds are available to fund it. Hosts should remain sensitive to their
150 responsibilities as stewards of the public trust. Documentation should include an **Official**
151 **Occasion Expense Form** that indicates the attendees and the business purpose of the activity.

152
153 Costs must always be reasonable and necessary and limited to the amounts described in the
154 section, **Maximum Allowable Amounts**.

157 **Holiday Greeting Cards**

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159 Holiday greeting cards may be sent to appropriate recipients at the discretion of the President, Vice
160 Presidents, Deans and Office of Institutional Advancement. Budget heads wishing to send cards
161 should obtain advance approval in writing from their appropriate Vice President.

164 **Retirement and Other Recognition Receptions**

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166 Payment of expenditures for retirement and other recognition receptions are allowable. Costs
167 must always be reasonable and limited to the amounts described in the section, **Maximum**
168 **Allowable Amounts**. Receptions for departing employees should be limited to those employees
169 with significant service years (five years or more) with The University of Texas of the Permian
170 Basin. Department only lunches are appropriate in lieu of a reception and authorized for
171 reimbursement within the amounts described in the section, **Maximum Allowable Amounts**.

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174 **Personal Celebrations**

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The expenses for personal celebrations such as birthdays, wedding or baby showers, anniversaries, and other similar events are not allowable University paid events.

180 **Procedural and Process Considerations**

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Approvals. No individual may approve their own reimbursement or expenditures. Approvals must occur at least one level above the individual seeking the reimbursement or expenditures. For the President's Office, the President or his designee must approve and the Vice President for Business Affairs in the role of Chief Business Officer must counter-sign. Advance approval should be received for expenses that are not within the normal scope of an individual's duties.

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The President and the Vice President for Business Affairs jointly interpret this policy. They must agree on interpretations related to the President's Office. The President is the sole final arbiter in all other cases.

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Budget heads are responsible for insuring that actions within their units conform to this policy. They should seek approvals from their Dean and/or Divisional Vice President before conducting activities or making expenditures related to this policy. Budget heads must insure that documentation is submitted that identifies the appropriateness of "entertainment" expenditures and that provides the relevant details for complete review. An **Official Occasion Expense Form** must be filed in **all** cases.

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The Offices of Purchasing and Accounting are responsible for insuring that all purchasing and reimbursement procedures are correctly completed. Consultation on procedures and how they apply to any individual situation should be held by the budget head or other host (or designee) well in advance of an event and as part of the early planning process. Time must be allowed for any required bid processes to occur.

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Funding Source Limitations. Expenditures under this Entertainment Policy may only be made from non-Educational and General funds/non-appropriated funds, in other words, non-State of Texas funds. State funds that may **not** be used include all fund -14- accounts and all fee accounts held in the State Treasury. Alcoholic beverages may be paid for only through the use of unrestricted gift funds. Grant funds are subject to the restrictions of the grant; such payments normally must be provided for by the terms of the grant, which is extremely rare. State funds **may not** be used for entertainment expenses or other expenses covered by this policy.

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Adopted with Initial Effective Date:

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Approved by: David B. Prior, Ph.D. Executive Vice Chancellor for Academic Affairs

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Modified with Effective Date: January 17, 2008

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