

TO: All Members of the University Community 2002:06

DATE: November 2002

Business and Special Expenses

(Supercedes Policy 1997:19)

I. Policy Statement

As a public institution, the University must ensure that all funds (e.g., general and non-general) are only used to support appropriate university business. When the expenditure is funded by a grant or contract, the use of such funds will be governed by the more restrictive of either the grant, contract or University policy. This policy applies to all Ferris State University employees. If a proposed expenditure is not listed in this policy, the following standards should guide the final expenditure decision:

- o Each University department, unit and approving officials must exercise prudent judgment to ensure that the commitment of University funds is appropriate and essential for business meetings, entertainment/hosting functions and special expenditures.
- o Business meeting expenditures incurred by University employees and on behalf of non-employees must support the University's academic, institutional or public service mission.
- o The expenditure will not be personal in nature.
- o The expenditure will not be additional compensation (e.g., bonuses, cash, gifts, prizes, awards, etc.) as outlined in this policy and as determined by Internal Revenue Service (IRS) rules and regulations.

Refer to the Purchasing and Travel Expense Policies for purchasing questions and other out-of-pocket expenses reimbursable to employees.

II. Procedures

The following Business meeting expense guidelines, limitations and reimbursement rules apply to all units of the University REGARDLESS OF THE SOURCE OF FUNDS (e.g., general and non-general funds) except AGENCY FUNDS (defined as those university accounts that start with "9" and generally account for non-university funds where the University is only the custodian of such funds). When grant and contract funds are used for reimbursement of entertainment/hosting, meeting and special costs, the more restrictive of either the grant, contract or University policy will govern the reimbursement. The designated account managers of the University will make decisions regarding business meeting expenditures.

University dining facilities, meeting areas and the Holiday Inn Hotel and Conference Center should be used for business meetings, hosting events/functions and receptions, whenever possible. If off-campus locations and/or non-university catering services are used, adequate justification should be maintained to support the reason for the decision (e.g., whether decision was beneficial to the university such as

favorable cost, limited capacity/space, location, etc).

III. **Alcoholic Beverages**

Serving of alcoholic beverages for hosted or non-hosted events at University facilities (e.g., Main Campus - Big Rapids and Grand Rapids - CPTS and Kendall) is NOT PERMITTED. Events or functions where alcoholic beverages are served should be held off-campus or at a facility licensed to serve alcoholic beverages (e.g., Katke Golf Course or Holiday Inn Hotel and Conference Center). The use of University funds for the purchase of alcoholic beverages or reimbursement for such purchases when on University travel status or while conducting University business is generally prohibited. For any exceptions to the purchase of alcoholic beverages or reimbursement for such purchases and other requirements, refer to Appendix A - Table of Reimbursable and Non-reimbursable Expenditures.

IV. **Business Meetings and University-Sponsored Functions**

The University recognizes entertainment/hosting as an appropriate expenditure of University funds if the activities contribute to, or result from a University-related business activity.

When the meeting or function is related to University business, meals may be purchased for the benefit of vendors, contractors and other non-Ferris employees. Example of such functions include, but are not limited to, retreats, workshops, potential donor meals, recruiting meals, committee, association meetings and student academic / athletic programs.

Entertainment/hosting expenditures must be approved by appropriate level of management and adequately supported by documentation.

The University colleges and departments may sponsor functions such as team builders, retreats, professional development workshops, associations, committees and faculty/staff meetings. Business meal expenditures for such functions are reimbursable. An agenda or itinerary is required to support business discussions and should be maintained to substantiate the expenditure.

Expenditures associated with other University-wide employee functions held by the President and/or Human Resources (e.g., new faculty/ staff member receptions, ceremonial receptions, faculty/staff appreciation and employment service award programs, employee picnic, etc.) are considered appropriate use of University funds.

The per diem rates as outlined in the University Rate Schedule is in effect while traveling. Thus, a meal involving only employees traveling together may not be claimed as a business meal, but will be reimbursed at the appropriate per diem rate. If employee meals are provided by the host or included in the cost of the conference/registration fee, no additional reimbursement will be authorized.

For any exceptions and conditions related to the use of University funds for business meetings and University-sponsored function, refer to Appendix A - Table of Reimbursable and Non-reimbursable Expenditures.

V. Special Expenditures

A. Retirement and Going Away Receptions

1. Retirement and Going Away receptions may be held for an employee and approved by the appropriate level of management.
2. Reimbursement will be limited to hors d'oeuvres, rolls or other low cost food and non-alcoholic beverages.
3. Going away receptions held for employees transferring to another college, department or unit are not considered an appropriate use of University funds and will not be reimbursed.
4. Reimbursement for other retirement functions (e.g., parties, etc) is considered an inappropriate use of University funds and will not be reimbursed.

B. Social Gathering For Employees

1. Holiday parties (e.g., Christmas, Thanksgiving, 4th of July, etc) may be held. The use of University funds is appropriate under the conditions outlined in Appendix A - Table of Reimbursable and Non-reimbursable Expenditures.

C. Student Employee Appreciation

1. Such events may be held and use of University funds is appropriate under the conditions outlined in Appendix A - Table of Reimbursable and Non-reimbursable Expenditures.

D. Other Receptions

1. Other receptions such as baby showers, wedding showers, birthday parties or similar types of activities are not related to the University business. These expenditures are considered of a personal nature and will not be reimbursed.

E. Flowers

1. Only authorized expenditures for flowers will be reimbursed by the University. Flowers are defined as bouquets, planters, floral arrangements and includes balloons, cookies, stuffed animals, etc). Refer to Appendix A - Table of Reimbursable and Non-reimbursable Expenditures for authorized flower purchases and level of approval authority.
2. Flower expenditures for office use, other special occasions (e.g., weddings, baby showers, secretary's day, valentine's day, bosses' day, etc), holidays and non-university business are considered personal expense items. These types of expenditures are not an appropriate use of University funds.

F. University Sponsored-Events / Departmental Expenditures - Gifts, Prizes and Awards

1. Employees - Gifts (to include restricted or non-negotiable gift certificates), prizes and awards (value of \$75.00 or less) presented to employees by University departments or as part of University sponsored events/functions are not taxable. Gifts, prizes and awards (value greater than \$75.00) are taxable to the employee and will be included in the employee's gross income.
2. Non-Employees - Expenditures for gifts, prizes and awards (value of \$600 or more) presented on behalf of the University to non-employees must be approved by the division Vice President or his/her designee. The University department presenting the gift, prize or award will assume responsibility for reporting information relevant to the recipient to the Accounting Office via memorandum or email, within 10 workdays after the presentation to ensure proper accountability and

- accuracy of income tax reporting.
3. Students
 - a. Ferris State University students are treated as employees, for purposes of this policy, if they have Graduate Student Assistant appointments or are working on a temporary basis, including Work Study. If a student has no employment relationship with the University, then any gift, prize or award will be handled using the procedures for individuals who are not University employees.
 - b. Generally, all scholarships, grants or awards should be applied to the student's Student Information System (SIS) account unless the Financial Aid Office has granted an exception. Currently, the only exception granted by the Financial Aid Office covers scholarships, grants and awards presented to graduating seniors. Any questions regarding the handling of student scholarships, grants and awards should be directed to the Finance Aid Office.
 4. Refer to Appendix B - Table of Gifts, Prizes and Awards for examples of the types of gifts, prizes and awards and tax implications. Also, the table shows whether the gift, prize and award is Taxable or Nontaxable, the IRS reporting requirements followed by the University, and a detailed list of what information must be reported by the University department for employees and non-employees.

VI. **Reimbursement**

All University business-related functions held at University facilities and related food services provided by the University will be charged directly (e.g., direct billing) to the account shown on the University requisition.

Any University business-related functions held off campus may be invoiced to the University provided that a Purchase Order, Purchase Order With Check (POWC), Travel Expense Voucher is supported by a contract or personal service agreement that has been issued and approved in advance of function/event.

Necessary and appropriate out-of-pocket expenses incurred for University business-related functions are reimbursable to the employee provided that such expenditures are supported by original receipts and approved by the appropriate level of management. Appendix A - Table of Reimbursable and Non-reimbursable Expenditures is provided showing examples of reimbursable and non-reimbursable expenditures by fund group (e.g., general, designated and auxiliary funds). This table is provided as a guide and does not include all possible situations. If the expenditure is not listed or further clarification is needed, please contact the Accounting Office for assistance.

The request for payment of a business or special expense is handled using a reimbursement document (e.g., Travel Expense Voucher, POWC, PCARD, etc) or automatic upload (e.g. direct billing) and must be supported by an original receipt. The reimbursement document should clearly state the specific business purpose for the trip, business meeting or entertainment/hosting function. The business purpose will be supported by a written explanation of topics, conference agenda/itinerary and name of the program. Other required information to be stated on the reimbursement

document or provided as support includes:

0. Name and number of participants present;
1. University affiliation (e.g., vendor, contractor, employee, etc);
2. Date and location of the meeting/function.

All direct expenditures and reimbursements must be charged to the Financial Reporting System (FRS) funded account and recorded under the appropriate object code.

VII. Review of Vice Presidents' Business Meeting Expenses

All travel will be approved in accordance with the University's Travel Expenses Policy. The Vice Presidents' offices will prepare and submit a report to the President within 30 days of the quarter end, listing all business meeting, entertainment/hosting functions and special expenditures. All expenditures must be reported, including expenditures using the Purchasing Card, Departmental Dining Cards, POWC checks and Holiday Inn charges. Vice President approval is to be documented through either a signature on the report, or by electronic email to the President's Office.



Vice President for Administration and Finance

Contact: Finance Office