

BUSINESS POLICY

TO: All Members of the University Community **2015:10**

DATE: June 2015

**Business and Special Expenses
(Supersedes Policy 2012:07)**

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Business and Special Expense Policy 2015:10

Section 1 – Policy Statement

As a public institution, the University must ensure that all funds (general and non-general fund) are only used to support appropriate University business.

The following standards should help guide all expenditure decisions:

- Exercise prudent judgment to ensure the use of University funds is appropriate and essential.
- Business meeting expenditures must support the University's academic, institutional or public service mission.
- The expenditure is not personal in nature.
- The expenditure is not additional compensation (e.g., bonuses, cash, gifts, prizes, awards, etc.) as determined by Internal Revenue Service (IRS) rules and regulations.

Additional information sources relative to allowable expenses:

- Purchasing Policy
- Transportation & Travel Policy

Section 2 – Scope

This policy applies to all Ferris State University:

- Employees
- Funds (general, non-general, and auxiliary; see separate note on Agency Funds below).

Expenditures funded by a grant or contract will be governed by the more restrictive of either the grant, contract, or University policy.

Agency Funds are where the University is only the custodian of non-University funds and as such are not required to follow the same policies noted herein.

Section 3 – Documentation Requirements

Supporting documentation is required for all expenditures, and includes the following:

1. Original detailed receipt – detailed receipt includes merchant name, date of purchase, description of items purchased, quantity, unit & total price, and method of payment. For online orders, this will include verification of order placement and items purchased. Receipts are required for purchases greater than \$50, except for airfare, lodging, rental car, and business meals which always require a receipt. When a receipt is required, an e-receipt from Concur is considered sufficient.

2. Validation of business purpose – if not easily discerned from the items purchased, the business purpose of the expenditure should be documented. This could include: agenda, minutes, invitation, or other documentation that verifies the business intent of the expense. Documentation of expenditures for events, meetings, business meals, entertainment, etc. is to include a list of attendees and their specific business relationship as well as an agenda for the meeting or description of the business purpose.

Section 4 – Taxable Benefits

Per IRS Publication 15B & Publication 463 certain expenses, where there is a benefit to the employee, may be considered as additional compensation (taxable benefit) to the employee and reported as such on the employee's W-2. This would include gifts in excess of \$75, event/function tickets, gift cards, connectivity expenses, certain relocation expenses, and any spousal expense when authorized as an allowable expense by the appropriate University Vice President. Expenditures made under this category must be reported to the Disbursement Supervisor for reporting on employee's W-2 as additional compensation. In addition, gifts to non-employees may be considered taxable income to the individual and require issuance of a 1099. Questions relative to taxability may be directed to the Director of Accounting at extension 3908. Expenditures considered Taxable Benefits to the employee or Taxable Income to the non-employee are indicated as such in Section 6 – Types of Expenditures, and in Appendix A.

Section 5 – Exceptions

Exceptions to any section of this policy must be requested through the Vice President for Administration & Finance unless specifically defined elsewhere within this policy.

Section 6 – Types of Expenditures

The following list is not a comprehensive list and is intended to provide guidance on known topics and examples that can be used to understand the spirit of the policy.

Type of Expenditure	Allowable	Minimum Level of Approval*
1 – Alcoholic Beverages		
<p>Prior approval is required. Before University funds are expended for the purchase of alcoholic beverages, the <i>Alcohol Exception Authorization Form – Business Meal(s)</i> (for non-event functions) or the <i>Alcohol Exception Authorization Form - Event</i> (for University sponsored events) must be completed and approval obtained at least 30 business days before date of event/function and before making any contractual commitments or sending event invitations.</p> <p><i>The President and Vice Presidents have exception approval through this policy for small group, non-event type alcohol purchases when required for business purposes.</i></p>		
<ul style="list-style-type: none"> Employees working externally to promote the University (Advancement Officers) for non-event entertainment expense (small group 1 – 4 persons, i.e. business meal). 	Yes	Divisional AVP or Dean
<ul style="list-style-type: none"> Hosted Event or Function or social gathering. (Private residence requires use of University Catering or other licensed caterer for insurance & liability purposes). 	Yes	Divisional VP
<ul style="list-style-type: none"> Non-Hosted Event or Function: may require a Special (one-day) MLCC Liquor License (obtained through the Associate Vice President for Finance) in addition to required Approvals. 	Yes	President
<p>Hosted Event – The event must meet all of the following five criteria:</p> <ol style="list-style-type: none"> The event is free of charge; there is no exchange of compensation, either monetary or non-monetary. The event is not open to the public (i.e. is by invitation only). No regular liquor inventory is kept at the event location or by the sponsoring department. The event is monitored by a designated responsible individual. All servers are certified and 21 years of age prior to the event. <p>Does not require a Liquor License. Requires only a completed and approved <i>Alcohol Authorization Exception Form – Event</i>.</p>	<p>Non-Hosted Event – Any event where alcoholic beverages are sold, paid for by donation, donated, or included in the price of a meal, hors d’oeuvres, or registration fee.</p> <p>Requires a MLCC Liquor License. For events held at a non-licensed location, a Special (one-day) Liquor License is required.</p> <p>To request a Special (one-day) Liquor License, submit the completed & approved <i>Alcohol Authorization Exception Form - Event</i> to: FSU Catering (on-campus event) or Financial Services Office at PRK-252 (off-campus event).</p>	
<p>The Urban Institute for Contemporary Art (UICA) may serve beer and wine in compliance with the liquor license approved for that location and in accordance with the separate University Policy and Procedure document regarding this license.</p>		

Type of Expenditure	Allowable	Minimum Level of Approval*
2 – Receptions and other events (retirements, going away, etc.)		
Retirements and Going Away for employees leaving the University. Reimbursement or on-campus direct charges will be limited to hors d'oeuvres, finger food, and non-alcoholic beverages. Expenditure must be for a reception vs a dinner.	Yes	Account Manager <i>Vice President for Exceptions</i>
Going Away for employees transferring to another area of the University (non-retirees).	No	
Social Gathering for employees such as Holiday parties may be held and use of University funds is appropriate under the following condition <ol style="list-style-type: none"> 1) Limited numbers of Holiday gatherings / parties are authorized annually. 2) Cost associated with the Holiday gathering / party should be reasonable. <i>The only exception to the above criteria is granted to the University President or his/her designee.</i>	Yes	Dean / Associate Vice President
Student Employee Appreciation may be held and use of University funds is appropriate under the following conditions: <ol style="list-style-type: none"> 1) Limited number of events / functions are authorized annually. 2) Cost associated with the event/function should be reasonable. 	Yes	Dean / Associate Vice President
Other social gathering (employees and non-employees) such as baby showers, wedding showers, birthday parties, or similar types of activities.	No	
3 – Event/Function Tickets and Entertainment Expenses		
Tickets to University or Community events. <i>Exception may be granted when attendance/participation is considered part of the regular position responsibilities of the employee, or the employee is responsible for hosting or organization/coordination of the event. There must be a documented direct business purpose related to FSU for each attendee.</i>	No	<i>Vice President or President for exceptions</i>
Theater, golf, tickets, etc. to non-University sponsored events, functions, or other personal amusements. <i>Exception granted for University business only.</i> NOTE: may be considered a taxable benefit to the employee; report to Disbursement Supervisor.	No	<i>Vice President or President for exceptions</i>
4 - Spouse Expense		
Meals, event tickets, and travel expenses of spouses or significant others. <i>Exceptions may be granted for events when the spouse of the employee attends a University sponsored event and works the event along with the employee for a specific valid business purpose. A valid business purpose is defined as performing tasks an employee would normally perform as part of their job. The employee must qualify under #3 above, and the spouse expense must be approved via the Spouse Expense Exception Authorization Form in advance of the expenditure.</i> <i>The spouse expenses allowance may be extended to a significant other when approved by the divisional Vice President.</i> NOTE: may be considered a taxable benefit to the employee; report to Disbursement Supervisor.	No – unless table sponsored by the President.	<i>Vice President (local events) or President (non-local events) for exceptions</i>

Type of Expenditure	Allowable	Minimum Level of Approval*
5 – Business Meeting & University-Sponsored Functions		
<p>Entertainment/Hosting events where business meals are purchased for vendors, contractors and other non-employees if the activities contribute to, or result from, a University related business activity.</p> <p>Business Meetings and University-Sponsored Employee events (including Employee Achievement Awards programs, Student Academic/Athletic Awards programs and Faculty /Staff Academic Awards programs) may be held and use of University funds is appropriate under the following conditions:</p> <ol style="list-style-type: none"> 1. If held on-campus, use of catering services, where possible; 2. Limited number of events / functions are authorized annually; 3. Limited to appropriate University faculty and staff; 4. Cost for honoree or student and their guest is authorized; 5. Attendance by other guests of the University faculty and staff will be at their own expense, unless invitation is extended to the spouse or guest; 6. Cost associated with the event / function should be reasonable; 7. University Recognition/Awards/Academic Programs; 8. The per diem rates as outlined in the <u>University Rate Schedule</u> 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. 	Yes	Vice-President
6 – Car Repairs, Maintenance, or Insurance		
Repairs, maintenance, or insurance on personal cars.	No	
7 – Vehicle Towing, Traffic/Parking Tickets, Car Washes		
Personal vehicle towing, traffic/parking tickets, car washes, and other related expenses.	No	
<p>University owned vehicles:</p> <ol style="list-style-type: none"> 1. Vehicle towing – during business hours, Motor Pool should be contacted first before making other arrangements (<i>exception: stranded or emergency situations</i>). 2. Car washes – vehicles should be washed through Motor Pool when possible (<i>exception: when out-of-town</i>). 3. Satellite Radio. 4. On-Star (<i>exception: basic plan for emergency assistance</i>) 5. Other vehicle expense (maintenance, repair service, tires) – should be coordinated thru Motor Pool. 6. Traffic/Parking tickets are always the personal responsibility of the driver. 	No – unless coordinated through Motor Pool	

Type of Expenditure	Allowable	Minimum Level of Approval*
8 – Break Room/Kitchen Equipment & Supplies		
Supplies to include coffee, pop, tea, juice, doughnuts and candy; paper products and utensils (e.g., cups, plates, napkins, plastic ware, etc.)		
<ul style="list-style-type: none"> Office of the President and Vice Presidents. 	Yes	President
<ul style="list-style-type: none"> Locations with large meeting room, reception or waiting areas. 	Yes	Account Manager
<ul style="list-style-type: none"> Group meetings (e.g., monthly staff meeting) but purchases are on an occasion-by-occasion basis. 	Yes	Account Manager
<ul style="list-style-type: none"> Stocking of University faculty/staff break areas/rooms for employee use. 	No	
<ul style="list-style-type: none"> Microwave ovens, refrigerators, coffee makers and fans. 	Yes	Account Manager
<ul style="list-style-type: none"> Water coolers for employee use (bulk coolers only – no bottled water). 	Yes	Account Manager
<ul style="list-style-type: none"> Hot plates and stoves. 	No	
9– Flowers/Plants/Balloon Bouquet/Other Arrangements		
<p>Bereavement flowers due to employee death or the death of the employee's immediate family member as defined in HRPP Funeral/Bereavement Policy.</p> <p><i>When the family requests “no flowers”, financial donations in an amount equivalent to what would have been used for flowers, may be made to organizations specified by the family in lieu of flowers.</i></p>	Yes	Account Manager
Flowers due to the death of a student or student family member. Coordinate with VP of Student Affairs to minimize multiple purchases by various University offices.	Yes	Vice President for Student Affairs
Flowers due to the death of a major donor. Coordinate with VP of University Advancement & Marketing to minimize multiple purchases by various University offices.	Yes	Vice President for University Advancement
Flowers in recognition of volunteers or those who advance the University through various methods.	Yes	President
Flowers for hospitalization of employees or officially recognized University volunteer (in-patient only).	Yes	Account Manager
Flowers for emeriti must be coordinated through the President’s Office.	Yes	President
Flowers due to death of retiree.	Yes	Account Manager
<p>Flowers for University-sponsored events/ functions such as:</p> <ol style="list-style-type: none"> Foundation fundraisers, donor events, individual donor development, Governmental Relations and University Adv & Marketing, as needed to foster University relations; Employee receptions, convocations (e.g., graduations). 	Yes	Account Manager
All other flower purchases for personal office/work area, other special occasions, holidays, and non-University business.	No	
10 – Greeting Cards		
Holiday and other cards may be purchased when considered part of the University development or advancement strategy. Cards must be endorsed in such a manner as to indicate they are from the University, i.e. College of xxxxx, Dean’s Office.	Yes	Account Manager

Type of Expenditure	Allowable	Minimum Level of Approval*
11 – Decorations		
Holiday decorations for personal office / work area.	No	
12– Donations to Charitable and Non-Charitable Organizations		
Donations of University funds to a charitable or non-charitable organizations. <i>*Exception: in lieu of bereavement flowers as defined in 9 above</i>	No*	
13– Political Contributions		
Political contributions (including Friends of Ferris).	No - illegal	
14 – Memberships & Dues		
Membership and country club dues (e.g., golf, tennis, airline clubs and others) in non-professional organizations.	No	
15 – Subscriptions		
Subscriptions to magazines, trade journals, and reading materials not related to University business.	No	
16 - Gifts, Prizes, and Awards		
The University department presenting the gift, prize, or award will assume responsibility for reporting information relevant to the recipient to a designated web based form in MyFSU within 5 workdays after the presentation to ensure proper accountability and accuracy of income tax and/or financial aid reporting. <i>For Tax implications, see Appendix A – Reporting of Gifts, Prizes, and Awards.</i>		
<ul style="list-style-type: none"> • Gifts, prizes and awards with a value greater than \$75.00 presented to employees by University departments or as part of a University sponsored event/function. 	No	
<ul style="list-style-type: none"> • Gifts presented to employees or officially recognized University volunteers with a retail value less than \$75. <i>NOTE: Gift cards/certificates (unrestricted/negotiable) of any amount are taxable to the employee; report to the Disbursements Supervisor.</i> 	Yes	Vice President
<ul style="list-style-type: none"> • Expenditures for gifts, prizes and awards presented to non-employees. <i>NOTE: Gifts, prizes, and awards with a cumulative retail value of \$600 or more may be considered taxable income to the non-employee; report to Disbursement Supervisor.</i> 	Yes	Vice President
<ul style="list-style-type: none"> • Expenditures for gifts, prizes and awards presented to FSU enrolled students. Any resource given to a student should be reported to the Financial Aid Office through a designated web based form in MyFSU. The Financial Aid Office will determine if an adjustment to the student’s account is necessary. Refer to the Student Affairs Policy (Financial Aid Policy for Handling of Gifts, Prizes, Sward Money, etc. that are Given to Students) on the Financial Aid website for more information. 	Yes	Vice President of Student Affairs

Type of Expenditure	Allowable	Minimum Level of Approval*
17 – Plaques		
Plaques <i>Exception: if related to a University-sponsored award/recognition program.</i>	No	
18 – Caps and Gowns		
Caps and gowns for University faculty/staff who are required to participate in a University commencement ceremony.	Yes	Account Manager
19 – Clothing or Apparel		
Clothing or apparel is an allowable expense when it is appropriate for a University business purpose. Such purchases should use the University colors and logos whenever possible. <i>NOTE: may be considered a taxable benefit to the employee; report to Disbursement Supervisor.</i> Only those clothing items that meet the IRS definition of a uniform are exempt from the taxable benefit requirement. (IRS definition: required and not adaptable to general usage)	Yes	Account Manager
20 – Personal Laundry/Dry Cleaning		
Personal laundry/dry cleaning including while on University business travel.	No	
21 – Loans to University Employees, Students, and Organizations		
Loans to University employees, students, and organizations administered by a College or Division.	No	
22 – Home Office/Connectivity Expenses		
Cell phone or other mobile communication device.	See Mobile Communication Device Policy	
High-Speed, satellite, or other internet connectivity at place of residence	No	
Landline (phone or fax) for home office.	No	
Utilities for home office.	No	
Lease of space for home office.	No	
<i>Exception: Employees whose normal position responsibilities require connectivity outside of the normal workday or who are on-call may receive an allowance for such expenditures when approved by the divisional vice-president. Allowances are only payable through University Payroll by using the Stipend – PAF. Direct payment to a provider, vendor, or reimbursement to the employee is prohibited.</i>		
23 – Apple App Store Purchases		
Apple app purchases are non-reimbursable. Use Ferris volume discount by contacting the Director of Academic Budget Management (3857) for all academic related purchases and Technical Assistance Center (2438) for all administrative related purchases.	Yes	Account Manager
24 – Relocation Expenses		
Expenses incurred while relocating for the University. <i>NOTE: may be considered a taxable benefit to the employee; report to Disbursement Supervisor.</i> IRS non-taxable expenses include: <ol style="list-style-type: none"> Moving household goods and personal effects. Travel costs between the former and the new residence by the shortest and most direct route. Certain in-transit storage expenses for up to 30 consecutive days. 	Yes	Vice President

***Minimum Level of Approval** – The term “Account Manager” includes Directors, Deans, Assistant or Associate Deans, Assistant or Associate Vice Presidents, Assistant or Associate Provosts, and Vice Chancellors. When the defined Level of Approval is the requestor or the recipient of the benefit of the expenditure the Approval must be obtained from the next higher level of authority. Account Managers may not approve their own requests, nor can a subordinate approve their requests.

Questions or Clarifications: If you have questions or need clarification regarding any expenditure listed or not listed on this table, contact the Financial Services Office at 231.591.3897 or the Accounting Office at 231-591-3919.

Appendix A Reporting of Gifts, Prizes, and Awards

CATEGORY OF GIFT, PRIZE OR AWARD (Note 1)	AMOUNT	NOT TAXABLE	TAXABLE (Note2)
Cash or Unrestricted or negotiable gift certificates (<u>CAN BE EASILY</u> converted to cash)	All amounts		<input checked="" type="checkbox"/>
Restricted or non-negotiable gift certificates (<u>CAN NOT BE EASILY</u> converted to cash)	\$75.00 or less	<input checked="" type="checkbox"/>	
Restricted or non-negotiable gift certificates (<u>CAN BE EASILY</u> converted to cash)	more than \$75.00		<input checked="" type="checkbox"/>

A restricted or non-negotiable gift certificate is distinguishable from a cash equivalent gift card/certificate (unrestricted or negotiable gift) when it can only be redeemed with the issuer and cannot be cashed out, sold to another person, or used to reduce an outstanding account balance with the issuer of the certificate. Examples would be a certificate for admission to an event or one for a specific product such as a hat or t-shirt.

1. **Internal Revenue Service (IRS) Rules and Regulations:** For employees, the value of a gift of cash, a gift certificate, or a cash equivalent, such as an item which is easily converted to cash, must be included in the recipient's gross income, since it is essentially extra salary or wages, regardless of the amount involved. Cash, no matter how little, is always included in the recipient's gross income.
2. Information must be reported using a designated web based form in MyFSU, or completion of a [Form W-9 "Request for Taxpayer Identification Number and Certification"](#) within 10 workdays after the presentation by the University department representative if a gift, prize, or award is presented to a **non-employee** where the cumulative retail value is \$600 or more:
3. In accordance with IRS rules and regulations, the University must report on:
 - a. [Form W-2](#), any **employee** by including the fair market value of the gift, prize, or award in the employee's taxable income if value is over \$75.00; or.
 - b. [Form 1099 or 1099 MISC](#), any **non-employee** if the cumulative total value of the gift, prize, or award is \$600 or more paid in any taxable year; or
 - c. [Form W-2G](#), any **raffle winnings** if the value of such winnings is greater than \$5000, or 300 times the cost of the ticket regardless of the employment status (employee and non-employee).

The University College or department is required to provide **written notice** to the recipient that the value of the gift, prize, or award **may be subject to Federal, State, and Local taxes**.

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