

Entertainment Expense, Tangible Awards and Gifts

Purpose

To provide guidance on the manner and extent to which funds of The University of Texas at El Paso may be expended for entertainment, tangible awards, and gifts; to specify the fund sources that may be used for such purposes; and to provide guidance for the reasonable expenditure of funds for expenses often related to reimbursement from institutional and/or gift funds.

Policy

The policy regarding departmental expenditures to outside vendors or reimbursement of entertainment expenses will be permitted only when such expenditures demonstrate a benefit to the University. The expenditures must also be made in a prudent manner and must serve to assist in carrying out the University's mission.

Direct Purpose

Expenditures of Institutional/Gift funds that are not otherwise restricted must comply with one or more of the following guidelines as a direct purpose:

- The recognition or promotion of academic or athletic achievement, scholarship, or service to the University;
- The promotion or communication of intellectual ideas among students, faculty, staff and administrators, or exchange of administrative and operational information on University programs or activities;
- The support of University-sponsored student events and activities;
- The recruitment of students, faculty, and staff;
- The assistance of the Regents, accrediting agencies, or officials from other universities or public officials in inspecting or reviewing facilities and programs;
- The support of the University's program of continuing education.

Guidelines on Allowed Expenses using Institutional/Gift Funds

Allowed Expenses, include but are not limited to:

- Business meals
- Purchase of food and refreshments
- Rentals and event costs incurred for receptions, banquets, and office parties
- Achievement awards, gifts, gift cards/certificates
- Tickets for entertainment or art events
- Flowers/Plants

Maximum Permitted Amounts

Maximum per person rates for entertainment expenses (including catering for meetings, events) incurred within Texas* and for tangible awards or gifts are stated below. The rates are exclusive of service charges, gratuities, and rental of meeting or conference facilities, which are allowed as an additional expense. The amount cannot exceed the maximum amount without the approval of the Vice President for Business Affairs or designee.

Breakfast	\$18.00
Lunch	\$25.00
Dinner**	\$70.00
Parking	\$10.00

**For entertainment expenses incurred in other locales, reference to the rates listed above may be used as a general guideline; however, the approver should use reasonable judgement when approving out-of-state expenses. Approvers may use the U.S. General Services Administration Per Diem Rates (<https://www.gsa.gov/travel/plan-book/per-diem-rates>) as a guide.*

***Dinner rates include the cost of alcoholic beverages and paid for through unrestricted gift or discretionary funds.*

Gratuities

Reasonable gratuities may be reimbursed, provided the gratuity does not exceed 20% of total bill.

Flowers/Plants

Expenses for flowers/plants for non-University sponsored events may not exceed \$100.

Employee Awards

A tangible award may be presented to employees for professional achievement or outstanding service provided to the University. The cost of the award may not exceed \$100 for an individual employee (faculty, staff, or student-employee). Examples of awards include but not limited to gifts, plaques, pins, certificates, and trophies. The cost of engraving or lettering is included in the \$100 limit.

All monetary awards to University employees that are based on performance must be processed through Payroll Services, as they are considered taxable compensation per IRS regulations.

Non-Employee Awards

Cash or non-cash awards may be presented to non-employees for special achievement or outstanding service. The cost of the award may not exceed \$50 per individual. Award recipient information must be provided on the Entertainment Expense form.

Cash, gift cards or gift certificates can be paid to a human research participant who is a non-employee for providing a deliverable or service (e.g. running on a treadmill, completing a survey, providing a saliva sample, etc.) for a research project the University has been awarded. The cost may not exceed \$50 per participant.

Departments must keep a log of cash awards and gift card/gift certificate awards, regardless of amount or method of payment, which includes the awardee's name, explanation of award, and the voucher number.

Non-allowable Expenses

Staff/Personal Celebrations. Reimbursements or payments for employee birthday celebrations, wedding and baby showers, anniversaries, personal gifts made or exchanged with other employees, and other similar events are not permitted.

Gift certificates and gift cards for any amount are disallowed for employees (staff, faculty, or student-employee). These items are taxable to the recipient, and it is administratively infeasible to assess and collect the required taxes and fringe benefits.

Definitions

Employee – an employee of the University that is employed for at least 19 hours per week and/or employed in a position for which student status is required as a condition of the employment.

Procedures

Employee/Department - A properly completed Entertainment Expense Form must be attached to the PO, Non-PO voucher, or expense report for any University sponsored event. Reimbursements or vendor payments must include appropriate supporting documentation (i.e., detailed, itemized receipts for expenses). In compliance with IRS Publication 463, the request for reimbursement must be submitted to Accounts Payable within 90 days of the expense to remain non-taxable. An explanation for the delay in submission will be required for reimbursements in excess of 90 days.

Signature Requirements - Handwritten signatures of the individual requesting reimbursement and authorized approver are required on the Entertainment Expense form. Stamped signatures, pre-signed copies, and/or electronic signatures used on the Entertainment Expense form are not acceptable.

***Exception:** Rubber-stamped signatures will be accepted when the individual requesting reimbursement or the authorized approver has a disability that prevents him/her from producing a handwritten signature. Request for an exception must be documented on the expense report.*

Authorized Approver - Authorized approvers are responsible for ensuring entertainment and other expenses conform to the requirements of this policy, and claims submitted for payment or reimbursement include the appropriate supporting documentation (i.e., detailed, itemized receipts for expenses). The authorized approver is also responsible for restricting reimbursements to allowable expenses and occasions, and for ensuring that expenses incurred are appropriate to the fund source.

Approval of Expenses - For reimbursement of entertainment expenses, tangible awards or gifts, the authorized approver must be the supervisor (or higher level) of the host or the individual requesting reimbursement. An individual may not approve the entertainment expenses of a person to whom he or she directly reports. If the host or individual seeks reimbursement for an amount that exceeds the maximum per-person rates specified, the authorized approver must be the Vice President for Business Affairs or designee.

Accounts Payable - Accounts Payable (AP) is responsible for ensuring payment or reimbursement requests submitted by departments contain the signatures of the individual requesting reimbursement and authorized approver; for reviewing all supporting documentation to verify the amounts are accurate and the appropriate cost centers are charged; and for questioning requests that do not appear in accordance with this policy. In addition, AP is responsible for ensuring that supporting documentation is retained in accordance with U.T. System's Records Retention Schedule and for updating general ledger accounts ([Appendix B](#)) as appropriate. AP will also monitor the 90-day window for timely submission. Any approved reimbursement older than 90 days is considered taxable income as per IRS Publication 463. The 90-day window begins either on the date of purchase for non-travel related expenses or the return date of a business trip. An explanation for the delay in submission will be required for reimbursements in excess of 90 days.

Funding Sources/Limitations

Gift Funds - Gift funds that contain restrictions may be used for entertainment expenses only if the purpose complies with the terms of the gift. Care must be taken to ensure that the use of gift funds does not violate the donor's restrictions, if any, and the donor's intent. Some expenses in this policy require payment by gift funds only.

Grant Funds - When payment for entertainment is to be made from grant funds, such payment must be provided for by the terms of the grant, and care must be taken to ensure that the use of grant funds does not violate the grant's restrictions and the grant's intent. Otherwise, another funding source must be identified.

Institutional/Discretionary Funds - Cost centers specifically budgeted for entertainment or expenses and funded by institutional funds must be used.

Student Service Fee funds allocated to a department may not be used for entertainment expenditures related to personal or office celebrations.

Plant Funds do not allow entertainment expense charges.

State Funds - State funds may not be used for entertainment expenses or other expenses covered by this policy.

Limitations Concerning Alcoholic Beverages - Payment for alcoholic beverages that are purchased and consumed in a business establishment as part of business entertainment, but that are not part of a meal, must be from gift funds only. Institutional/Discretionary funds may be used for alcoholic beverages that are included with a meal and that are purchased and consumed in a business establishment as part of business entertainment. Advance approval from the President or his/her designee is required for the service of alcoholic beverages at any University sponsored event, on or off campus.

Taxable Income - Under IRS regulations, a reimbursement related to an entertainment expense must be adequately accounted for within 90 days after they were paid or incurred.

Expense Coding - Employee expense reports are processed in PeopleSoft using general ledger accounts shown in [Appendix B](#), which may be revised from time to time.

Applicability

This policy applies to all University employees seeking reimbursement for expenses related to business, entertainment, and any vendor providing such a service to the University.

Relevant Forms

[Entertainment Expense form](#)

[Appendix B: General ledger accounts for Entertainment Expenses](#)

Relevant Federal and State Statutes

<https://www.irs.gov/pub/irs-pdf/p463.pdf>

<https://statutes.capitol.texas.gov/Docs/GV/htm/GV.2113.htm#2113.201>

<https://https://www.irs.gov/government-entities/federal-state-local-governments/de-minimis-fringe-benefits>

Responsible Party

Comptroller

Last updated: April 16, 2019