

## **Guidelines**

### **for Meals/Incentive Awards/Flowers/Retirement Gifts**

All expenditures for meals, incentive awards, flowers, or retirement gifts must be reasonable and business related as defined below:

**A. Reasonable:** An expenditure is considered reasonable if:

1. The nature of the goods or services acquired and the amount involved reflect the actions of a prudent person under the circumstances,
2. The expenditure is appropriate given the purpose of the University, and
3. Reimbursement for or direct payment of the expenditure is not otherwise prohibited by any University policy.

**B. Business-Related:** An expenditure is considered business-related if:

1. It reflects an ordinary and necessary transaction incurred to conduct University business;
2. The underlying activity is able to bear scrutiny that it is being made to further the mission of the institution, i.e., that it is necessary to carry out the objectives of instruction, research, or public service – or the supporting administrative functions surrounding these objectives; and
3. A public purpose is served in expending institutional funds for such goods or services.

All expenditures should be properly documented. Those that may appear to an independent reviewer to be personal or non-business related must especially be supported by a complete written explanation of why and how they are reasonable and business related.

More restrictive standards apply to expenditures from federal funds and/or state-appropriated funds. Many expenditures described in these guidelines are prohibited from federal funds and some are prohibited from state-appropriated funds. For instance, alcohol must not be purchased using either federal or state-appropriated funds. Where no specific prohibitions apply, there is nevertheless a strong presumption it is inappropriate to use these funds for meals, incentive awards, flowers, or retirement gifts. Where non-state appropriated funds are available, they should always be expended instead of state-appropriated monies. If there is no alternative to using state-appropriated funds, the circumstances and reasons must be carefully and fully documented.

#### **Business Meals:**

- The purchase of business meals may be appropriate if the main focus of the activity is business and consumption of food is incidental to the purpose of the meeting and if the meal generally involves at least one external party to the University.
- The purchase of business meals using ~~LPC's~~, LPO's or reimbursed using ~~Check Requests~~ Payment Requests may be allowed if documentation demonstrating that the expenditures are reasonable, necessary and are for legitimate University business is included and satisfies IRS tax requirements. These requirements are included on the instructions to each of these forms.

Effective Dec 1, 2014, Business Meals are allowed on P-cards with Dean/Director approval.

- ~~• Business meals are not allowed on P-cards. However, exceptions have been granted in a very limited number of cases where there are documented needs demonstrating that such expenditures are reasonable, necessary and are for legitimate University business. In such cases, a formal exception request form must be submitted to Purchasing describing the need for the business meal exemption and must be approved by the dean, director, or department chair and by the director of purchasing. All documentation will be subject to audit and must be retained with the P-card statements.~~
- Business meals that are attended only by University employees should be infrequent, and must meet a higher documentation standard – demonstrating what other options were considered rather than meeting for lunch/dinner, etc.

#### **Other Business Functions including Food:**

- Food and beverage items purchased for extended training meetings, involving institutional teams or committees, or other business related functions may occasionally be necessary. Discretion should be used when purchasing these items to ensure that the costs are reasonable and necessary.
- University funds should not be used for employee socials where the primary focus is on consumption of food, rather than conducting business, with the exception of one social per year as currently recognized by University policy 3-6.

UPol 3-060

#### **Retirement Gifts/Functions:**

- The cost of retirement gifts should not exceed the approved cost of gifts for service awards recognizing years of service (i.e. if an employee retires after 20 years of service, the gift should not exceed the amount spent on the 20 year service award). Contact the Benefits Office <http://www.hr.utah.edu/ben/staff/> (581-7447) for the authorized amounts for retirement/service awards.
- Reception costs related to employee retirement functions may be appropriate, but should be reasonable and should generally not exceed \$15 per attendee.
- Retirement Gifts are not allowed on the P-card. Food and reception costs may be allowed on the P-card.

#### **Incentive Awards /Employee Recognition:**

- The University recognizes the need to recognize exceptional performance and/or achievement. Occasional tangible personal property may be given to employees as incentive awards/employee recognition benefits. The value of such benefits should not exceed the limits imposed by the University (currently \$100).
- Documentation is required to be maintained for all expenditures related to awards/recognitions providing detail of the purpose of the expenditures.
- These types of expenditures are not allowed on the P-card.

The University's Tax Services website provides additional guidelines for these types of expenditures <http://www.tax.utah.edu/> (581-5414).

**Other:** The use of University funds to purchase food or related items for birthdays, showers, weddings, etc. is not permitted.

Floral arrangements and similar items may not be purchased for employees and their immediate family members (as defined by ~~University policy 2-22~~), except for funeral/condolence arrangements purchased using non-federal and non-state funds.

UPol 5-201

**Additional Guidelines:** Additional guidelines are provided at:  
<http://www.ap.admin.utah.edu/PaymentMethod.pdf> and  
<http://www.purchasing.utah.edu/purchase/index.html>