

UCSB Entertainment Policy

Entertainment Policy from the University of California, Office of the President - BUSINESS AND FINANCE BULLETIN BUS-79

Allowable Expenses and Occasions

Expenses for entertainment must be directly related to, or associated with, the active conduct of official University business. When a University employee acts as an official host, the occasion must, in the best judgment of the approving authority, serve a clear University business purpose, with no personal benefit derived by the official host or other University employees. In addition, the expenditure of funds for entertainment should be cost effective and in accordance with the best use of public funds. The procedures set forth in this Bulletin are intended to conform to the Internal Revenue Service regulations related to entertainment expenses. Accordingly, any payment made to an employee in connection with entertainment may not result in taxable income to the employee.

When determining whether an entertainment expense is appropriate, the approving authority must evaluate the importance of the event in terms of the costs that will be incurred, the benefits to be derived from such an expense, the availability of funds, and any alternatives that would be equally effective in accomplishing the desired objectives.

Following are examples of situations that meet these criteria:

Host to Official Guests:

When the University is host to official guests, including visitors from other universities, members of the community, University employees visiting from another work location, etc., the cost of meals or light refreshments may be reimbursed. In addition, such costs may be reimbursed for prospective appointees or students for positions requiring specialized training and/or experience of a professional, technical, or administrative nature.

Meetings of a Learned Society or Organization:

When the University is the host or sponsor of a meeting of a learned society or organization, the cost of meals or light refreshments may be reimbursed.

Meetings of an Administrative Nature:

When meetings of an administrative nature are held that are directly concerned with the welfare of the University, the cost of meals or light refreshments may be reimbursed. Where meals are involved, they must be a necessary and integral part of the business meeting, not a matter of personal convenience, e.g., the cost of meals for employees from the same work location may be reimbursed by the University if a working lunch is included as part of a scheduled meeting. The meeting should take place over an extended period of time and the agenda should include a working meal to satisfy the requirement that the meal is part of a business function. Reimbursement will not be allowed when two or more employees from the same work location choose to go to lunch together to continue their business as an incidental part of the meal, or when the meeting could have been scheduled during regular working hours.

Student-oriented Meetings:

When meetings between faculty or administrators and students are held, the cost of light refreshments may be reimbursed.

Prospective University Donors:

When the University hosts an event for the purpose of generating the goodwill of prospective University donors, the cost of meals or light refreshments may be reimbursed.

Receptions:

The cost of light refreshments may be reimbursed for receptions held in connection with conferences, meetings of a learned society or organization, fundraising events, meetings of student organizations/groups, employee recognition or length of service awards or retirement presentations, student events such as commencement exercises, etc. The following situations do not meet these criteria and must be treated as an exception to this policy:

Entertainment of a Spouse:

The entertainment expenses of the spouse (or equivalent) of a guest or the official host may be reimbursed as an exceptional expense, provided such entertainment serves a bona fide University business purpose. Participation in official functions that require the attendance of a spouse may be considered a bona fide business purpose. Fundraising events, alumni gatherings, community and recruiting events are examples of activities that may require the attendance of a spouse.

Faculty/Staff Picnics or Holiday Gatherings:

The cost of meals or light refreshments for employee morale functions such as faculty/staff picnics or holiday gatherings may be reimbursed as an exceptional expense, provided it can be demonstrated that such functions serve a University business purpose. However, payment or reimbursement is not permitted for the following types of occasions: employee birthdays, weddings, anniversaries, farewell gatherings (other than retirement), etc.

Procedures**Authorized Rates:**

The maximum rates allowed for entertainment, specified in Appendix A, include taxes and service. (Campuses may set lower rates, if desired.) These rates do not include the rental of meeting or conference facilities, which may be charged as an additional expense.

The maximum rates will be reviewed periodically by the Office of the Vice President/Financial Management and adjusted as appropriate.

Funding Sources

Official entertainment expenses may be paid from various University fund sources, subject to the rules outlined above. The following general limitations apply:

State Funds

Alcoholic beverage or tobacco purchases may not be charged to State funds. Expenses requiring exceptional entertainment approval (see list in Section IV) also may not be charged to State funds.

Contract and Grant Funds

Federal or local government contract and grant funds may be used to fund entertainment only if such expenses are specifically authorized in the contract or grant, or by agency policy, and only to the extent and for the purpose(s) so authorized. In the event of a conflict between agency and University policy, the stricter of the two policies shall apply. No alcoholic beverage or tobacco purchases may be charged to Federal funds.

Non-State Funds

Various non-State funds controlled by the University may be used to fund official entertainment, but only within the restrictions, if any, governing the use of the fund and within the policy set forth in this Bulletin. In the event of a conflict between the terms of the fund and University policy, the more restrictive of the two policies shall apply.

Exceptional Expenses

Approval of exceptional expenses must be obtained at the appropriate level. The request for reimbursement of such expenses must include a written justification as to why the higher costs were unavoidable and necessary to achieve a University business purpose. The fact that actual costs exceed the authorized rates is not in itself adequate justification for a higher reimbursement rate. If adequate justification exists and provided such costs are deemed to be ordinary and necessary under the circumstances, an exceptional expense may be approved. Reimbursements of exceptional entertainment expenses shall be limited to the actual costs incurred.

Tax Considerations

Under Internal Revenue Service regulations, an entertainment expense will be considered taxable income to an employee if the entertainment activity is not directly related to the employee's job, the expense is lavish or extravagant under the circumstances, the official host (or another employee) is not present when the activity takes place, or if the expense is not substantiated with supporting documentation, as provided in this Bulletin. In addition, business meals with faculty, staff, or other colleagues that are frequent (i.e., that occur on a regular or routine basis) and reciprocal are considered taxable income. Such expenses are not allowable under this policy.

Appendix A

Maximum Rates for Entertainment:

The maximum per person expenditures for individuals being entertained and for a University employee who is the official host, or who is a participant at the request of the official host, shall not exceed the following amounts*:

Breakfast \$27

Lunch \$45

Dinner \$81

Light Refreshment \$19

*These amounts include tax, service, and delivery charges. The Bren School has a department policy capping the gratuity amount at 20%.

The reimbursement for a buffet reception cannot exceed the applicable meal allowance associated with the type of buffet, i.e., breakfast, lunch, or dinner.

4/19/18: Meal and reimbursement rates adjusted (Appendix A)