



Angelo State University
Operating Policy and Procedure

OP 54.01: Entertainment Policy

DATE: April 8, 2019

PURPOSE: The purpose of this Operating Policy/Procedure (OP) is to establish procedures governing the appropriate use of university funds for official functions, business meetings, and entertainment.

REVIEW: This OP will be reviewed in March every five years, or as needed, by the accounts payable manager in conjunction with the executive director and controller with recommended revisions forwarded through the vice president of finance and administration to the president by April 15 of the same year.

POLICY/PROCEDURE

1. Compliance

All employees of ASU should be familiar with this OP. Account managers are responsible for verifying compliance with this OP prior to the submission of an invoice for payment or a reimbursement request. Contact the Purchasing Office with any questions before making an obligation to ensure that the payment or reimbursement is allowable.

2. Definitions

a. Expenditures for Official Functions, Business Meetings, and Entertainment

Expenditures include food for meals or light refreshments, beverages, and related services (e.g., labor charges, room rental, equipment rental, decorations, flowers, entertainment, and similar expenditures) incurred in connection with official functions, business meetings, and entertainment that are primarily in support of the university's mission.

b. Official Functions

Official functions are established events held for the purpose of achieving the university's mission. Generally, official functions include recognized events for the purpose of institutional enhancement such as institutional receptions, retreats, and training events. Receptions for the students, faculty, staff, alumni, and friends held by the university shall be reimbursed as entertainment.

c. Official Guests of the University

The university is not normally expected to reimburse official guests for travel and related expenses, except where guests travel to the university on specific invitation. However, it is recognized that entertainment of guests is essential. Examples of official guests would include the following: visiting lecturers; visitors from foreign countries; representatives of research organizations; visitors from other universities; individuals interested in university programs and opportunities (potential donors); guests invited to assist in the development of new programs (both paid and non-paid consultants); and business and community leaders. The relationship between the visitor and the university staff or faculty attending the function or their areas of responsibility must be clearly indicated, particularly for those who are at the campus on specific business on behalf of the university.

d. Business Meetings

Business meetings should be directly related to the conduct of official university business and generally should occur to support employee time and productivity and will typically include a non ASU employee. There must be a clear and specific business purpose identified.

e. Entertainment

Entertainment generally occurs to support a future benefit to the university. Examples include expenses for faculty recruitment and for cultivating potential donors or relationships.

Prospective faculty and staff are often accompanied by members of the search committee and other ASU employees for lunch and dinner. In these situations, the university will reimburse one employee for his/her meal plus the cost of the prospective employees' meal. The university will reimburse additional employees for his/her meal from discretionary funds, private funds (fund numbers 0200-0700), or restricted gift funds (fund numbers 2000 or 2160).

f. Club Memberships

In the case of certain officers, as designated by the chancellor, who as part of the employment arrangements to carry out designated official responsibilities have club membership dues paid in part by the university, all charges which are for business purposes can be reimbursed if they are documented in the manner prescribed herein prior to payment.

Should there be charges of a personal nature, then the employee shall deduct that amount from the bill and remit that portion directly to the club. All club memberships must be in the name of the university.

g. Tickets

Ticket to events and/or functions that benefit the university shall be reimbursed, if approved by the president or his/her designee.

h. Appropriate and Reasonable

Expenditures must have a clearly stated business purpose and serve the mission of the university. The reasonableness of an expense depends on many relevant factors, but departmental and university budgets, the fiduciary responsibilities of being a public institution, and sharing information publicly to taxpayers, donors, and the media should be considered. The purpose must be clearly documented prior to any reimbursement or payment.

3. Funds

a. Appropriated Funds

According to the Texas Constitution and the General Appropriations Act, appropriated funds cannot be used for expenditures for official functions, business meetings, or entertainment.

b. Sponsored Projects

Food and beverage expenses charged to sponsored projects must meet the criteria established by the Office of Management and Budget (OMB) Circular A-21, Cost Principles for Educational Institutions. No entertainment, tobacco, or alcohol may be charged to sponsored projects, unless such entertainment is specifically authorized by the terms of the contract or grant.

c. Institutional Funds

Institutional funds may only be used for expenditures for official functions, business meetings, or entertainment if such expenditure enables the university to carry out its educational mission and serves to promote higher education in the state of Texas; however, such expenditures must be appropriate and reasonable. Institutional funds may be used for such expenditures only when not otherwise restricted from such purposes.

d. Foundation and Gift Funds

Foundation and gift funds may be used for expenditures for official functions, business meetings, or entertainment; however, such expenditures must be appropriate and reasonable.

4. Allowed Expenditures

a. No prior approval is required if the average rate per person does not exceed the following amounts:

Breakfast	\$15
Lunch	\$20
Dinner	\$35

[Minor revisions: April 8, 2019]

If the average rate per person is estimated to exceed the amounts above, then prior written administrative approval from the responsible supervisor (one level above the person seeking reimbursement) is required.

If rates are exceeded, without prior approval, reimbursement will be made as indicated above.

- b. Reasonable expenditures for parties to honor the service of long-term employees upon their retirement are allowable with institutional funds.
- c. Costs associated with birthday or other individual parties are considered personal expenses and are **not** allowed.

5. Documentation/Substantiation Required

- a. Original, itemized invoices and/or receipts are required for each applicable purchase and for any official functions, business meetings, and entertainment expenses. Electronic receipts may be used as an original receipt and should be an itemized receipt that includes payment information.
- b. In accordance with IRS documentation codes, there should be adequate records and sufficient evidence for all official functions, business meetings, and entertainment expenses including:
 - (1) Business related nature of the event (donor entertainment, business dinner, etc.);
 - (2) Date and location of the event;
 - (3) Number of participants with a list of each guest's name, title, and affiliation to the university, which establishes a business-related relationship.