

Allowable Hospitality Expenses

FIN-ACC-50



About This Policy

Effective Dates:

10-01-1995

Last Updated:

10-14-2014

Responsible University Administrator:

Vice President and Chief Financial Officer

Policy Contact:

Joan Hagen

Associate Vice President

and University Controller,

Office of the Controller

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Scope

All Indiana University units and employees.

Policy Statement

Conferences & Workshops

Conferences hosted by university personnel for which registration/vendor fees are charged, can incur hospitality expenses not to exceed total revenues of the conference. However, in this case, the hospitality expenses should not be charged to object code 4025 (hospitality expense). **Object code 4026 should be used for conferences and workshops.**

Auxiliary

In addition to normal allowable hospitality expenses as provided for elsewhere in this policy, auxiliary units can incur promotional expenses related to the goods or services that the auxiliary is providing. Such promotional events or expenses must be for the benefit of the unit's client base. Auxiliary hospitality expenses (non-promotional) should be charged to object code 4025. *Object code 4868 should be used for promotional expenses.*

Designated Other Funds (23) Accounts Funded by External Sales

University accounts in the Designated Other Funds Group are allowed to incur promotional expenses as necessary and appropriate for the revenue generating activity of that account. These promotional expenses are not to exceed the revenue generated by sales of the goods or services the account activity is providing. **Object code 4868 should be used for promotional expenses.**

Student Activity Fee Accounts

University accounts funded by student activity fees are allowed to incur approved student activity expenses. Student activity hospitality should be coded as appropriate: **object code 4028 (Student Activity Fee Hospitality Expense)**, or the appropriate recruitment object code, etc., or contact your campus business office for assistance.

Grant, Contract and Gift Accounts

All hospitality expenses, incurred in achieving the university's mission can be approved or reimbursed from grant, contract, and endowment match accounts if it is determined that the expenses are:

- necessary
- appropriate to the occasion
- reasonable in amount
- consistent with the donor's intent or agency's intended use of the funds

In order to be processed, requests must be supported by a clear business purpose indicating that the request for payment is in compliance with account restrictions and must also include an original invoice or receipt, or an acceptable explanation as to why no receipt is available. Documentation should also include the date, place, and nature of the function along with names, titles and associations of persons attending the function. For large gatherings, the number of persons attending and the general character of the group will suffice. The Fiscal Officer will be responsible for ensuring the propriety of such expenditures and to demonstrate sensitivity as to the appearance of proper use. The university approved per diem rates will be applied to check for the reasonableness standard.

In addition to the above criteria, any expenses charged to a contract or grant account must be specifically detailed in the original agency approved budget or must be accompanied by specific written approval granted by the funding agency. The budget (or post award approval) must clearly define the function to be reimbursed (i.e. planning meeting with civic leaders) and not be referred to in vague or uncertain terms (i.e. hospitality for the grant).

The total hospitality reimbursed on endowment match gift accounts cannot exceed the amount of interest income available from the endowment. The university-contributed match cannot be used to cover any hospitality expenses not compliant with this policy.

Hospitality expenses on restricted funds that do not meet the standards of this policy but are compliant with donor intent or agency guidelines will be reimbursed provided that they meet the criteria set forth above and are properly documented.

Contract and Grant accounts should use object code 4027 for hospitality.

Allowable Hospitality

In addition to the allowable expenses already covered in the policy, hospitality expenses may include the following type of expenditures:

1. Those items related to the individual recruitment of faculty, staff or students, including search and screen committee activities. Spouses of faculty, staff, or students who accompany the party shall be reimbursed if the visiting spouse is present, or if the inclusion of spouses has the prior written approval of the appropriate school dean or vice president/chancellor;
2. Official, ceremonial functions of the university (such as commencement, presidential inauguration);
3. Receptions for which the primary purpose is the attendance and benefit of a group of students or potential students;
4. Official business of the Board of Trustees;
5. Employee recognition receptions (service anniversaries, retirements);
6. Refreshments for training sessions when training is provided by campus Human Resources, campus faculty development offices, or is facilitated by an external training consultant;
7. Meal (but not entertainment) expense for university employees and outside reviewers required for accreditation activities and peer or administrative reviews;

8. Meals for individuals invited as visitors to contribute to the intellectual life of the university community. Normally such visitors will deliver a seminar, colloquium talk, or other lecture (or performance in the case of creative activity) for the benefit of Indiana University faculty and/or students; and,
9. Meals or refreshments for formally organized departmental or organizational employee business meetings. This does not permit lunch only meetings. To qualify, a meeting must be of at least one-half day duration.

Unallowable Hospitality

The following items are **NOT** allowable expenses from any university account. **(The determination of expenses as unallowable according to the items below overrides all other sections of this policy):**

1. Alcoholic beverages, including those associated with meals;
2. Flowers not related to the allowable functions listed above;
3. Charitable donations to any organization;
4. Gifts of any kind, to any individual, whether or not they are university personnel;
5. Items utilized by a university employee in the entertainment of university guests that would be of a personal nature, e.g. golf clubs and memberships in social organizations;
6. Hospitality related to fundraising expenses where the revenue from the development goes to an Indiana University Foundation (IU Foundation) account;
7. Meals and refreshments for employees (except as allowed above); and,
8. Meals and refreshments for the entertainment of local, state or federal government officials.

The above list is not intended to be exhaustive and does not cover all unallowable expenditures.

Expenses Subject to Mandatory Reporting Under HLOGA

The terms of this policy shall not apply to expenses that are: (1) subject to mandatory reporting under the Honest Leadership and Open Government Act of 2007 ("HLOGA") or (2) official business of the Director of Federal Relations. HLOGA covered expenses must be approved ahead of time by the IU Office of Federal Relations. Failure to do so may result in nonpayment of such expenses.

All reportable expenses under HLOGA must be paid directly to a vendor or to a university employee for reimbursement. The following items are **NOT** allowable expenses:

1. Reimbursements paid directly to any covered federal official;
2. Stipends paid to any covered federal official; and
3. Honorariums paid to any covered federal official.

Reason For Policy

To establish and communicate the rules governing the allowability of hospitality expenses including reimbursement to faculty and staff and direct expenditure against accounts of hospitality expenses with university funds.

Procedure

All budgets must include as a separate line item the hospitality expenditures that are planned for during the year. The campus should review the planned hospitality expenses in relation to the campus and university budget guidelines. Campus and university officials will monitor the level of actual hospitality expenses on a quarterly basis according to reasonableness standards. Campuses will be required to document and explain significant increases in hospitality spending compared to prior periods.

Campuses have three choices as to the level of aggregation for the budgeting and expenditure of hospitality:

1. At the campus level create a general fund account, which is centrally managed by campus administrators.

2. Maintain a general fund account at the campus level while allowing selected other units to budget and expend out of their operating accounts.
3. Allow each responsibility center and auxiliary/service unit to budget and expend from their operating accounts.

All hospitality expenses are to be coded on the appropriate accounting document using the specific object codes for hospitality that were budgeted in the accounts.

Original, detailed receipts (with date, name of vendor, itemized list of items purchased, etc.) must be retained. In addition, the department must document and retain the following information on a separate document:

- total amount of reimbursement/payment requested
- date and place of function
- nature of function (give detail)
- purpose/benefit to the University
- number of persons attending (# of employees, # of students and # of non-university individuals and their affiliation)
- date submitted

Payment and reimbursement submitted without a detailed receipt and the additional information required will not be reimbursed. Detailed explanations on the disbursement voucher are required in order to explain how this expenditure is allowable based on the above policy. Lack of explanation will result in the return of the Quali Financial System Disbursement Voucher (DV).

HLOGA covered expenses must be approved ahead of time by the IU Office of Federal Relations (see above). The IU Federal Government Official Reporting form should be used to report all expenses pertaining to the visit of a Federal government official. These persons may include certain individuals associated with the executive and legislative branches of federal government, as well as military officials. Please contact the IU Office of Federal Relations to determine whether expenses for a particular individual will be reportable under HLOGA. Failure to seek approval from the Office of Federal Relations may result in the inability to offer items of value (meal, lodging, souvenir, etc.) to a visiting covered federal official. See Additional Contacts section below for where to submit the HLOGA expense form.

Definitions

Hospitality Expenses: Expenses incurred to purchase or provide meals, refreshments or entertainment, or expenses incurred for promotional purposes.

Allowable Hospitality Expenses: Hospitality expenses incurred in achieving the university's mission or directly related to the conduct of official university business can be approved or reimbursed if it is determined the expenses are:

- necessary
- appropriate to the occasion
- reasonable in amount
- serve a bona fide university purpose

The expenditure must also meet guidelines for hospitality expenses that are allowed with university funds as are outlined in this policy.

Unallowable Hospitality Expenses: All hospitality expenses that do not meet allowable guidelines or for which there is not a specific allowance according to this policy are considered unallowable hospitality and must be paid for with personal funds or through the IU Foundation (in accordance with IU Foundation policy).

Gifts: Gifts as referenced in this policy are items for personal use for which the recipient does not exchange something of equivalent value. The term as used in this policy is not meant to include non-cash items of nominal value given under specifically allowable provisions of this policy.

HLOGA: Congress passed the Honest Leadership and Open Government Act (HLOGA) in September 2007. The goal of this law is to shed more light on the role of lobbyists in influencing federal legislation. Go here for additional information: <https://gov.iu.edu/policies/lobbying/index.html>.

Additional Contacts

HLOGA covered expenses contacts

UA, IUB, Regional campuses	Rozzie Gerstman	812-855-1123	gerstma@iu.edu
	Doug Wasitis	317-681-1776	dwasitis@iu.edu
IUPUI	Camy Broeker	317- 278-2269	cbroeker@iupui.edu
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History

The policy statement (see items on **Expenses Subject to Mandatory Reporting Under HLOGA**) was updated to make clear that payments/reimbursements should not be made directly to a covered federal official.

The source to this policy is:

Board of Trustees Minutes February 24, 1968, and October 27, 1972

Related Information

[Payments for Memberships in Social Organizations, FIN-ACC-70](#)

[Donations and Contributions to Other Entities, FIN-ACC-80](#)

[Use of Object Codes for Unallowable Expenses for Indirect Cost Purposes, FIN-ACC-280](#)

[Reimbursement for Meals in Emergency Situations, FIN-ACC-430](#)

[Inappropriate Use of University Funds, FIN-ACC-330](#)

[Reimbursement for Housing Allowances, FIN-BUD-60](#)

[Associate to the Chancellor, Vice President, Provost, IU Alumni Association President, HR-02-140](#)

[Licensing and Trademark Policy, FIN-LT-01](#)