Hospitality Expenditures
FIN-ACC-50

About This Policy

Effective Dates:
10-01-1995

Responsible University Administrator:
Vice President and Chief Financial Officer

Policy Contact:
Joan Hagen
Associate Vice President
and University Controller,
Office of the Controller
jhagen@iu.edu

Scope
Hospitality expenditures incurred in the conduct of Indiana University business.

Policy Statement
During the course of university business, it might be necessary to incur hospitality expenditures for the purpose of promoting and furthering the mission of the university.

As a public institution, Indiana University is entrusted with funds by various constituencies. In order to carry out its fiduciary duty, university employees must demonstrate prudent judgment when expending funds. Funds must always be used for institutional benefit, never for the purpose of personal benefit or privilege of a university employee. Therefore, all hospitality expenses must meet the criteria of a bona fide business expenditures under the university’s Accountable Plan policy.

Individuals responsible for making decisions concerning hospitality expenditures should exercise prudent judgement and reference this policy, FIN-ACC-50, for guidance and examples about appropriate expenditures.

Examples of appropriate hospitality expenditures include those related to following activities and purposes:

- Meals or refreshments served during business meetings
- Meals for visitors, guests, donors, prospective employees, or students
- University receptions and functions

Hospitality expenditures that are unallowable or restricted:

- Meals and refreshments for employees where no bona fide business expense purpose is present
- Meals and refreshments for the entertainment of local, state or federal government officials
- Hospitality expenses are not permitted on recharge accounts in the “66” series in compliance with Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.
- Hospitality 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.
• 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 they are properly documented.

Hospitality expenses for a single event exceeding $10,000 must have the approval of the Campus and the University Controllers Office prior to the date of the event.

**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.

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 (see Forms section on side bar) 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.

**Reason For Policy**

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

**Procedure**

The RC Fiscal Officer will be responsible for ensuring the propriety and reasonableness of all hospitality expenditures for adherence to this policy. The university approved per diem rates will be applied to validate to the reasonableness standard.

SOP will include examples of allowable hospitality (see below)

**Definitions**

**Hospitality Expenses:** Expenditures incurred to purchase or provide meals, refreshments and related supplies.

**Business Expense:** An expense incurred in achieving the university’s mission or directly related to the conduct of official university business and must be:

• appropriate to the activity
• reasonable in amount
• serve a bona fide university purpose

An expense that serves primarily to furnish the individual with a social or personal benefit is not a business expense.

Additional Contacts

<table>
<thead>
<tr>
<th>University Controller</th>
<th>Joan Hagen</th>
<th>AVP and University Controller</th>
<th>812-856-2548</th>
<th><a href="mailto:jhagen@iu.edu">jhagen@iu.edu</a></th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Management Services</td>
<td>Anna Jensen</td>
<td>Chief Accountant</td>
<td>812-855-3657</td>
<td><a href="mailto:anjensen@iu.edu">anjensen@iu.edu</a></td>
</tr>
<tr>
<td>HLOGA</td>
<td>Doug Wasitis</td>
<td>Assistant Vice President Federal Relations</td>
<td>317-681-1776</td>
<td><a href="mailto:dwasitis@iu.edu">dwasitis@iu.edu</a></td>
</tr>
</tbody>
</table>

History

This policy was revised in 2017 and the name changed from Allowable Hospitality Expenses.

The source to this policy is:

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

Related Information

- Reimbursement Under the Accountable Plan, FIN-ACC-620
- 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