



LOYOLA UNIVERSITY MARYLAND

— 1852 —

## **BUSINESS EXPENSES**

**DIVISION WITH PRIMARY RESPONSIBILITY:** Business and Finance

**OFFICE FOR ENSURING COMPLIANCE:** Financial Services/Accounts Payable

**CONTACT OFFICE:** Accounts Payable, [accountspayable@loyola.edu](mailto:accountspayable@loyola.edu)

**EFFECTIVE DATE:** May 2, 2016

**REVISION HISTORY:** N/A

**SCHEDULED FOR REVIEW:** Annually

### **POLICY SUMMARY**

This Business Expenses Policy (Policy) provides guidelines for Loyola University Maryland's (Loyola's or University's) business expenses incurred other than business travel expenses. An allowable business expense is defined as necessary, reasonable, and appropriate non-compensation expense incurred for a valid business purpose to fulfill the mission of the University. These policies are necessary to ensure the proper and prudent use of Loyola's resources and compliance with federal, state and other external regulations.

### **REASON FOR POLICY**

The purpose of this Policy is to provide specific guidelines covering the University's business expenses. The University must follow a number of legal requirements imposed by the Internal Revenue Service (IRS) and federal and state granting agencies for reimbursing business expenses. All persons incurring business expenses on behalf of the University and those who approve business expense reimbursements are responsible for knowledge of and compliance with University business expense policies and procedures. Because it is not possible to anticipate all of the situations that individuals may encounter in conducting Loyola business, these policies are designed to allow for some flexibility in addressing certain activities.

As a general guideline, it is expected that individuals will interpret these policies in a manner that keeps expenses to a minimum and fairly assigns the costs of business-related activities to Loyola. Accordingly, the primary responsibility for adherence to these policies rests with the individual incurring the expense as well as with department managers and supervisors who are authorizing and approving business expenses. Department heads or deans/vice presidents may impose more restrictive guidelines within their division than those outlined here.

## **STATEMENT OF POLICY**

### **A. LOCAL BUSINESS EXPENSES**

#### **1. Business Meals**

Business meals are defined as meals taken with students/prospective students, prospective employees, donors/prospective donors, and/or guests of the University during which University business-related discussions or activities take place. The cost of a meal can be considered reimbursable when the primary purpose of the meeting is to conduct business and there is a clear and compelling reason to meet over a meal. Expenditures for alcohol are only allowable for business occasions related to the mission of the University involving individuals external to the Loyola community and/or for functions including events designed to promote donor, employee, student or alumni relations. Under no circumstances may alcoholic beverages be charged to federally funded grants or contracts.

The University allows payment for reasonable and necessary business meal expenses or light refreshments for meetings involving University personnel under certain circumstances. The frequency of such meetings and the related expenses must be reasonable and appropriate to the purpose of the discussion and nature of the business conducted by the schools and departments. Such meetings may include, but are not limited to, the following:

- Formal University committees that must meet during a meal time and on an infrequent basis (e.g., Staff Council);
- Business meetings, conferences and training sessions that take place over an extended period of time (e.g., more than two hours); or,
- With external constituents where the meal is an integral part of the meeting.

Departments are encouraged to utilize on-campus dining establishments (e.g., Boulder Garden Café, The Refectory, etc.) or Evergreen Catering.

University funds may not be spent on:

- Meals at meetings with two or more University employees, which could have been conducted during regular business hours; or,
- Meals considered to be personal in nature; these include, but are not limited to, parties or meals for employee birthdays, anniversaries, weddings, births, showers, or parties and events not sponsored by the University.

If an employee is unsure if a meal can be provided during a meeting that they are scheduling or hosting, they should contact the Controller's Office.

To qualify for reimbursement or payment, employees must substantiate the business purpose of the expense in compliance with the provisions set forth in this Policy. The IRS requires all business meals and entertainment expenses to be properly documented, including the business reason for the meal or event, the benefit expected to be derived, as well as the name, title, and affiliation of the individuals attending.

#### **2. Overtime Meals**

When department requirements necessitate overtime work of two hours or more after normal business hours, management may reimburse employees for meal costs.

### **3. Tip Guidelines**

Tips given for University-approved meals are reimbursable. For meals, a tip of 15%-20% is considered reasonable and appropriate.

## **B. BUSINESS ENTERTAINMENT AND OTHER SOCIAL EVENTS**

Certain events sponsored in connection with student, faculty or staff-oriented social activities, fund raising, recruitment, holiday gatherings, community functions or other similar functions may be allowable as business expenses and should be discussed in advance with the chair/head of the department. The following conditions must be met to qualify for payment of expenses incurred in connection with business entertainment and social events from University funds:

- The event must be approved by the department head or his/her designee.
- Alumni and fundraising events must be approved by the dean or an Advancement officer.
- If the event involves external parties, the individuals must have an actual or potential business relationship with the University.
- The event must be expected to further the mission of the University.

When planning entertainment for guests of the University, costs should be reasonable in relation to the nature of the event. Departments are encouraged to arrange on-campus events through Evergreen Catering.

### **1. Employee Recognition**

A department or work unit may provide a modest reception or lunch to recognize the retirement or departure of a long-standing employee. Length of service awards for employees will be celebrated annually as part of Maryland Day.

### **2. Holiday Gatherings**

A holiday gathering may be sponsored from University funds provided that the event is reasonably modest in nature and is limited to one event per year for each department or major subsection. Departments should make every effort to consolidate these holiday activities among their various units to ensure that the total cost for the department is reasonable and prudent.

### **3. Birthdays and Other Similar Occasions**

A cake, cupcakes, or similar item, may be purchased with University funds to celebrate special occasions for employees. However, University funds may not be used to sponsor a social event (e.g., lunch, decorations, etc.) or to purchase gifts for individuals in recognition of birthdays, weddings, showers, Administrative Professionals' Day or other similar occasions.

### **4. Location of Entertainment and Other Social Events**

Schools and departments should generally conduct entertainment and other social events on University premises to the extent practicable. In some instances, these events may be conducted in a place other than University facilities, but in all such cases, it must be demonstrated that the purposes of the department and the objective of the event are best served by that decision. In the limited number of authorized cases in which business

entertainment events take place in a personal residence, reimbursement from University funds shall generally be limited to traditional catering costs.

#### **5. Alcoholic Beverages**

Expenditures for alcohol are only allowable for business occasions related to the mission of the University involving individuals external to the Loyola community, for functions including events designed to promote donor, employee, student or alumni relations and for scholarly engagement.

Under no circumstances may alcoholic beverages be charged to federally funded grants or contracts.

#### **C. GIFTS**

The University's [Gift Policy](#) should be referred to before gifts are purchased. Modest gifts upon the death or serious illness of an employee or immediate family member are allowed. Small gifts can be purchased as a token of appreciation for student employees or appreciation of an employee upon retirement. The purchaser of any gift is responsible for documenting the business purpose and recipient of the gift(s).

Gifts to celebrate non-work related achievements or events such as birthdays, marriages, births, etc., must be paid for personally by individuals. The use of University funds to provide gifts to individuals in recognition of these events is not permitted.

University funds may not be used for monetary gifts (including expressions of sympathy). Monetary gifts, including expressions of sympathy, should be made by personal donations.

Only individuals with budget authority may approve requests to reimburse expenses for non-cash gifts presented on behalf of the University.

#### **D. SALES TAX**

Certain lodging and meal expenses incurred while traveling on University business may be exempt from state sales tax provided the:

- State allows an exemption for meals and/or lodging expenses;
- University holds a state sales tax exemption certificate in the state of travel, where required; and,
- University makes payments directly to the hotel or restaurant using a University procurement card or check.

If a personal credit card is used for travel and small expenses, the University will reimburse for sales tax paid. The preferred method for paying for such expenses, however, is through a Loyola procurement card whether or not sales tax is charged and paid.

There are several states in which the University currently qualifies for [travel related sales tax exemption](#).

#### **E. LIMITATIONS ON CHARGING EXPENSES TO CERTAIN ACCOUNTS**

In general, entertainment expenses are not allowable on sponsored research awards. As defined by the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, §200.438 “Costs of entertainment, including amusement, diversion, and social activities and any associated costs are unallowable, except where specific costs that might otherwise be considered entertainment have a programmatic purpose and are authorized either in the approved budget for the Federal award or with prior written approval of the Federal awarding agency”.

Meals for subjects under study are allowable when included in the approved budget. Certain meals that are an integral and necessary part of a workshop or conference and are associated with a sponsored research award are allowable when included in the approved budget.

The allowance of entertainment expenses on non-federal sponsored research awards depends upon the guidelines of the specific sponsor.

All unallowable costs must be charged to proper account numbers established for these activities to facilitate exclusion from direct and indirect cost reimbursements.

Expenses incurred in connection with entertainment and social events should not generally be charged to restricted gift and endowment income accounts. For guidance on the proper use of restricted gift funds or endowment income, please contact the Controller’s Office.

#### **F. FAILURE TO COMPLY**

Failure to comply with this Policy pertaining to documentation of expenses will result in non-payment of expenses to employees and/or repayment of expenses to the University by the employee. Inappropriate use of University resources may result in other possible consequences as appropriate, up to and including, termination. Supervisors who approve procurement card statements are responsible for ensuring business expenses are appropriate and business related.

#### **G. SPECIAL SITUATIONS/EXCEPTIONS**

Exceptions to this Policy require written approval by a dean/vice president or their designee.

**DEFINITIONS:** None

#### **CROSS-REFERENCED POLICIES AND PROCEDURES:**

- [Gift Policy](#)
- [Sales Tax Exemption Certificates](#)
- Business Travel Expenses