



<b>Administrative Guidelines</b>
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**Title:** Business Expense Guidelines

**Related Policy Number:** Doc T- 92-031 (Appendix C.)

**Functional Area:** Fiscal Affairs

**Complimentary Policy Number:**

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**Effective:** 10/01/2013 (est)

**Responsible Official:** Senior Vice President for Administration & Finance and University Treasurer

**Last Reviewed/Updated:** 1/15/2019

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**I. Purpose**

The Business Expense Guidelines apply to expenses incurred by a duly authorized President's Office employee or University Trustee conducting University business. A department may establish more restrictive guidelines and procedures than those covered by these guidelines. The guidelines below adhere to Board of Trustee Doc. T92- 031 (Appendix C). Any exceptions to the Business Expense Guidelines must be approved by the President, Executive Vice-President, Senior Vice President for Administration and Finance, or designee.

Any questions or concerns regarding these guidelines may be referred to the University Controller at [bcevallos@umassp.edu](mailto:bcevallos@umassp.edu) or 617-287-6017.

**II. General Policy**

- A. The Business Expense Policy (T92-031, Appendix C) is applicable to expenses regardless of funding source and must be consistently applied to both state and non-state funds across the President's Office. Certain funds may carry additional external restrictions which must be adhered to in addition to this policy.
- B. Expenses must have a clear business purpose and be directly related to the goals and mission of the University.
- C. Expenses must be reasonable and appropriate under all circumstances.
- D. Expenses must be fully documented and approved. (See section XIII)
- E. This policy also applies to employees conducting University business while on travel status.
- F. Expenses for an employee's spouse/domestic partner are not reimbursable except as allowed in University policy such as the University Executive Compensation Policy.
- G. Department heads are responsible for compliance with this policy for their departments.

### **III. University Functions Paid/Reimbursed with University Funds**

- A. Institutional events require approval through normal administrative channels and single events in excess of \$500 require prior approval by the President, Executive Vice-President or Senior Vice President for Administration and Finance.
- B. University events may be system-wide or on a smaller scale including:
  - i. Ceremonial and official functions
  - ii. Conferences/retreats/seminars (not as part of a sponsored grant/contract)
  - iii. Recognition/morale activities including department-wide staff events occurring no more than twice a year
  - iv. Public relations/development/fundraising events for the purpose of soliciting or generating the goodwill of prospective donors and alumni
  - v. Business meetings
  - vi. Recruiting of prospective employees
  - vii. Community engagement and research collaboration with external sponsors
  - viii. University sponsored meetings and conferences of an external organization

### **IV. Food and Beverage Provided at Business Meetings and University Functions**

The University may pay for or reimburse expenses for meals or light refreshments provided in connection with business meetings and other University functions involving University employees conducting official University business under the following guidelines:

- A. One-on-one business meals are prohibited between two employees of the University. This rule applies to employees on travel status as well.
- B. Meals (breakfast, lunch and dinner) should not be provided at regular business meetings attended only by University employees from the same department or location unless held during meal times in order to accommodate an extended agenda or where participants could not meet during regular business hours. Meals should not be served more than once a month to the same group of participants.
- C. Meals should not be provided as a matter of personal convenience and must be reasonable and appropriate to the purpose and nature of the event. Staff participation should be limited to those persons required to conduct the business.
- D. Meals may be provided for employees who are required to work on-site for extended hours due to ongoing projects or urgent issues. Supervisor approval is required.
- E. University employees in travel status may be reimbursed for the actual cost of a meal while conducting a business meeting as defined above. An individual's meals while traveling are otherwise reimbursed according to the per diem rate in the travel policy. See Travel Policy at <http://www.massachusetts.edu/controller/policies.html>.
- F. Meals or functions that involve alcohol must conform to the alcohol policy in Section XI of this guideline. In meetings with non-University participants, the cost of alcoholic beverages can be reimbursed under the University policy relating to alcoholic beverages.
- G. Light refreshments (pastries, snacks, refreshments etc.) may be paid for or reimbursed when participants from more than one department and location attend regular meetings occurring no more than twice per month.
- H. University funds may not be used for occasions such as employee birthdays, weddings, baby showers, anniversaries, or other occasions of a personal nature.

- I. Holiday and annual department events may be sponsored from University funds provided that the event is reasonably modest in nature. University funding for these events should not exceed the per person meal rates listed below and must be authorized by the President, Executive Vice-President or Senior Vice President for Administration and Finance.

Reasonable Per Person Meal Rates –

Breakfast/ Light Refreshments	\$10
Lunch	\$20

- J. Retirement events with a total cost not to exceed \$1,000 can be paid with University funds to mark an employee's retirement from the University. University funded events should only be considered for employees who have been employed by the University for a significant period of time, generally 20 years or more. Functions may also be held for directors, department heads or higher who are stepping down from their positions and are either remaining with or leaving the University; they must have held the position for five years or more.

## **V. Event Tickets**

The University may provide or pay for a ticket to a sporting, theatrical, or musical event to a prospective donor or employee in connection with the conduct of official University business. Documentation is required to clarify the University business purpose and must be approved by the employee's supervisor.

The expectation is that the University will not pay for fundraising activities, table sponsorships, or awards dinners to external non-for-profit organizations unless such an event or payment is directly tied to the mission and activities of the University. The department assuming the expense should document this purpose and connection and attach such justification to the related payment documents along with the written approval of the expense so that it is clear why the University is making such a payment. Generic purpose statements such as "promotes positive relations", "community relations" or "employee relations" are not acceptable. The business purpose statement must be specific.

Consistent with the Policy for Management of University Funds (T92-031), contributions and gifts given to external organizations must be approved by the President, Executive Vice-President or Senior Vice President for Administration and Finance or designee.

## **VI. Employee Non-Cash Awards and Gifts**

Noncash gifts or awards to employees may be paid for by the University for the events listed below in Section B. Gifts may not be provided as personal gratitude or in lieu of compensation and must conform to the Internal Revenue Service (IRS) regulations to be excludable from an employee's gross income. Gifts or awards should be infrequent and generally not awarded to an employee more than once per year. University funds may not be used for occasions such as employee birthdays, weddings, baby showers, anniversaries, or other occasions of a personal nature. Only gift certificates and gift cards that cannot be converted to cash (i.e., stored-value bank, department store, and other retail cards) qualify as noncash awards. Such gift certificates and cards must confer only the right to receive tangible personal property.

### **A. Definitions**

- i. Gift: A cash or non-cash item given as a gesture of goodwill or appreciation, or in recognition of some other purpose not specifically related to regular job performance.
- ii. Non-cash item: A gift of tangible personal property; specifically, for purposes of this policy, UMass merchandise such as a University clock or chair, etc.
- iii. Cash equivalents: Gift certificates and gift cards are treated the same as cash for tax purpose.

## B. Allowable Awards and Gifts

### i. Employee Recognition, Length of Service and Departing Gifts

Employee recognition and length of service awards must be provided within an established recognition program approved by Human Resources. Generally, the length of service period begins at a 5 year interval. Awards must be presented to employees based on objective criteria as part of a ceremonial event held at the departmental level. Gifts over \$100 will be considered taxable income and will appear on an employee's year end Form W-2, Wage and Tax Statement.

- ii. A non-cash award may be presented to an employee in recognition of outstanding work-related accomplishments. This award should be part of a pre-defined program, (e.g. Employee of the Month). These awards should be of minimal value such as books, a plaque, a ticket to a sporting or cultural event (excluding a season ticket) or a parking permit.
- iii. Gifts may also be purchased for directors, department heads or higher who are stepping down from their positions and are either remaining with or leaving the University. The standard departing gift is a University Embossed Chair. In lieu of the University Embossed Chair, an alternative gift may be presented to the departing individual. This gift may not exceed \$400.

## C. Retirement

A noncash gift of University merchandise, which can be purchased from any of the UMass campus bookstores, may be presented to an employee upon retirement from the University. In lieu of providing UMass merchandise as a gift, a gift card (with no activation fees) may be presented to an employee upon retirement. The value of the gift will be determined based on years of service with the University, per the below schedule. The value of the gift is not reportable as taxable income if the gift is of tangible personal property (UMass merchandise). Any cash or cash equivalent gift (gift card) is reportable as taxable compensation to the employee, subject to appropriate federal, state and employment tax withholding, and must be included in the employee's year end Form W-2, Wage and Tax Statement.

<b>Years of Service</b>	<b>Value of Gift (Not to Exceed)</b>
10 to 14 Years	\$200
15 to 19 Years	\$300
20+ Years	\$400 or the purchase of a University Embossed Chair*

\*A University Embossed Chair can be purchased and presented to an employee with 20 or more years of service to the University at time of retirement. For this purchase only, the University will allow the value of the gift to exceed \$400 and will cover the full cost of the chair.

In advance of any purchase, all requests for retirement gifts must be submitted to the HR Office by contacting Jacquie Kittler at 774-455-7559 or [jkittler@umassp.edu](mailto:jkittler@umassp.edu). The HR Office staff will be responsible for obtaining the approval of the Senior Vice President for Administration and Finance; and for coordinating the purchase of approved gifts under this policy. Approved gifts will be paid from a central account.

Individuals attending a retirement function may contribute to the cost of the event and the gift. The Controller's Office will permit the establishment of an agency account to facilitate the collection of participant receipts and gift/event purchases.

#### **D. Sympathy/Memorials/Extended Illness**

All requests for memorial/sympathy gifts, or charitable contributions, must be submitted to the HR Office by contacting Jacquie Kittler at 774-455-7559 or [jkittler@umassp.edu](mailto:jkittler@umassp.edu). The HR Office staff will be responsible for obtaining the approval of the Senior Vice President for Administration and Finance; and for coordinating the purchase of approved gifts, or charitable contributions, under this policy.

- i. Gifts of tangible personal property, such as flowers, may be presented as an expression of sympathy in the event of the death or major illness of an employee or a member of the employee's immediate family. For purposes of this policy, immediate family is defined as: spouse; children; parents; and siblings. The cost of such gifts is limited to \$150. All such gifts must be requested through the Human Resources Office and approved by the Senior Vice President for Administration and Finance. If approved, the Human Resources Office will be responsible for sending the gift on behalf of the University.
- ii. In lieu of flowers, a cash contribution of a comparable amount may be made to a charitable organization in memory of the deceased. All such contributions must be requested through the Human Resources Office and approved by the Senior Vice President for Administration and Finance. If approved, the Human Resources Office will be responsible for sending the contribution on behalf of the University. Such contributions must be accompanied by a transmittal letter on official University letterhead, which states that the donation is being made on behalf of the University. The cost of such contributions is limited to \$150. Contributions may not be made to any political campaign, political party, committee, or group engaged in any attempt to influence the general public with respect to legislative matters, elections, or referendums.

#### **VII. Moving, Relocation and Temporary Housing**

University departments may pay a new employee a reasonable transition allowance to cover their personal moving, relocation and employment transition costs, if the employing department considers the payment necessary to employ a highly qualified and/or highly recruited individual. If a transition allowance is paid, the allowance will be taxable to the employee and paid via payroll. The allowance must be (1) authorized in advance, (2) documented in writing to the employee and for University files, and (3) directly related to the commencement of employment at the University.

More information on transition relocation allowance can be found on the University Treasurer's Office website: <https://www.umassp.edu/treasurer/tax-and-compliance/transition-relocation-allowance-103>

#### **VIII. Professional Dues and Subscriptions**

The University may pay for employee membership dues for professional organizations and subscriptions to professional journals or newspapers if they are appropriate for the individual's position and duties and if the membership or subscription benefits the University.

- i. Life memberships in a professional organization may be purchased, at the discretion of a senior department manager, if it is anticipated that the overall cost will be less than the cost of annual memberships over the employee's anticipated tenure at the University.
- ii. Departmental coordination of subscriptions is encouraged to avoid duplication.
- iii. Dues and subscriptions should be in the name of the University to the extent possible and delivered to a University address.
- iv. Union dues will not be paid by the University.

## **IX. Cell Phones and other Communications Devices**

The President's Office may issue cell phones or other portable communication and computing devices to University employees if the employee meets the eligibility standards established by this guideline. Devices provided by and paid for by the University must be necessary for University business on an ongoing, recurring basis with no more than minor or incidental personal use by the employee. In addition, all such devices must comply with the University's Information Security policy and Policy Statement on Electronic Data Security, Electronic Mail and Computer Policy Development, links provided below.

[https://www.umassp.edu/sites/umassp.edu/files/content/policies/board/data/general/University\\_Information\\_Security\\_Policy.pdf](https://www.umassp.edu/sites/umassp.edu/files/content/policies/board/data/general/University_Information_Security_Policy.pdf)

<https://www.umassp.edu/sites/umassp.edu/files/content/Electronic%20Computing%20Policy.pdf>

Departments may elect to impose stricter controls over these devices than those required by the University, but may not be more lenient.

### Eligibility

Eligibility for a University-provided cell phone or other portable communication and computing device is based on the demonstrated and documented need for the employee to use such device frequently in the performance of their job. The business use must be substantiated as part of the required documentation when the device is purchased. The device/service plan may not exceed the employee's job requirements and must be ordinary and necessary to enable the employee to:

1. Remain in touch with others due to the nature of the job, such as frequent business-related travel or work outside the office setting, or
2. Be available for emergency contact, for instance: police/security, IT support, building and grounds maintenance, health and counseling services, etc.

Each department head is responsible for identifying jobs that may require use of cell phones and other portable communication and computing devices, and for indicating the type of device needed. The Information Technology and Communication Specialist will determine the service plan appropriate to meet business needs. All such devices/services paid for by UMASS funds must be approved by a supervising senior officer at the level of at least Department Head and must also be based upon funds availability. Departments must include the costs of the devices and the data plans in their departmental budgets.

All University owned devices must have a password or fingerprint lock on their phone and if using an iPhone or iPad, the device must have Find My iPhone turned on. Employees are strongly discouraged from using their own personal cell phone for University business. Employees who own their own cell phones and pay their own monthly plans may request an exception, with approval of the Department Head, to submit specific University related costs for reimbursement. If a user adds their UMass account to their personal

cell phone, they are giving the University permission to wipe their personal device should it be lost or stolen.

If a user is traveling internationally, the user must contact the Information Technology and Communication Specialist to add an international plan on the phone prior to travel. Supervisor's written approval is required. If a user is not required to be in contact with the University during international travel but wishes to bring their University-issued mobile device on an international trip, the user is required to personally pay the international charges above their monthly plan.

#### Termination of Employment or Change in Job Requirements

If an employee's duties change over time so that the employee no longer needs a cell phone or other portable communication and computing device to perform his/her job, or if the employee ceases to be employed by the University after being provided with such equipment, the employee is required to return the equipment to the University. The Department Head is responsible for reviewing the necessity of providing such equipment to employees at least annually and taking steps to recall equipment no longer needed by employees for the performance of their duties. Documentation of these reviews should be maintained by the department and made available if requested by the University Controller's Office or Internal Audit Department.

#### **X. Home Use Internet Access**

High speed internet access is increasingly common in many homes and the cost is normally borne by the employee. In addition, the need to access email and other work related information or functions from home does not warrant payment by the University for home internet access. Therefore it is the policy of the University that employee home internet access is not generally funded by the University.

Exceptions to this policy require the approval of the President, Executive Vice-President or Senior Vice President for Administration and Finance. Reimbursements will be limited to actual cost not to exceed the basic monthly high speed internet access rates in a particular area. Installation, equipment, connection and termination fees will not be reimbursed by the University.

#### **XI. Alcohol Policy for University Events**

The Board of Trustee Business Expense Policy states "purchase of alcoholic beverages is highly discouraged due to the expense and the potential liability involved. However, when written authorization is obtained prior to the event, purchase may be made through Food Services or their approved substitute."

The President's Office has designated the President, Executive Vice President, and the Senior Vice President for Administration and Finance, with approval authority for purchases of alcohol at University events.

Alcohol served at off-site events sponsored by the University must be served by an insured, licensed vendor. The appropriate method of payment for alcoholic beverages for an event is a purchase order recorded on account code 734290. Alcohol should be listed on a separate line item on purchase orders. The supporting documentation must include proof that the vendor is licensed to serve alcohol.

The purchase of alcoholic beverages is not allowed on any federal and state grants or contracts.

#### **XII. UMass Club**

All individual club memberships are an individual's responsibility and the membership costs are not a business or reimbursable expense. If an employee uses the club for a legitimate official business meeting,

the costs of that meal are reimbursable with proper documentation just as any business expense is reimbursable. Employees may also utilize the UMass ProCard for such expenses. Official events of the University may be directly billed by the UMass Club to the University and such invoices will be paid through our routine accounts payable process. Internal group meetings with only intra-office participants, consistent with normal policy, are not a legitimate business expense. University offices may use caterers other than the UMass Club service if a meeting is held outside the club premises.

### **XIII. Documentation and Approval**

Prior approval of business meals and entertainment expenses is generally not required. However, any doubts with respect to the reasonableness of an anticipated expense should be resolved by seeking advanced approval. Sound business judgment should be used when incurring business meal expenses. In order to qualify for reimbursement, business meal expenses must be incurred in connection with a specific business discussion.

All expenditures must be accompanied by documentation including all the following:

- The date, location and description of the expenditure.
- The name(s), title, organization affiliation and business relationship of those in attendance.
- Business purpose for incurring the expense.
- Approval of the expenditure through administrative channels noted above.
- Receipts are required for expenditures \$25 or greater.

A business expense form itemizing the cost and purpose of such activity will be made available for ProCard expenses and should be approved by the next level administrative staff member. Expense reimbursements are submitted through the Expense Module and no additional form is required. All required receipts should be scanned and attached electronically.

### **XIV. Conflict of Interest Law**

Chapter 268A of the Massachusetts General Laws governs your conduct as a public official or employee. There are several general rules that you must follow. You could face civil and criminal penalties if you take a prohibited action. Among them is the following:

1. You may *not* ask for or accept anything worth \$50 or more from anyone with whom you have official dealings. Examples of prohibited "gifts" include: sports tickets, costs of drinks and meals, travel expenses, conference fees, gifts of appreciation, entertainment expenses, free use of vacation homes and complimentary tickets to charitable events. *If a prohibited gift is offered:* you may refuse or return it; you may donate it to a non-profit organization, provided you do not take the tax write-off; you may pay the giver the full value of the gift; or, in the case of certain types of gifts, it may be considered "a gift to your public employer," provided it remains in the office and does not ever go home with you.