UNIVERSITY OF MASSACHUSETTS

UMass System Office

BUSINESS EXPENSE GUIDELINE

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1. **Purpose**

The Business Expense Guideline applies to expenses incurred by a duly authorized President’s Office employee or trustee conducting university business. A department may establish more restrictive guidelines and procedures than those covered by this policy. The policies 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, or designee.*

2. **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 non-state funds across the system 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 13)

   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.

3. **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 system office chief financial officer.

   B. University events may be system-wide or on a smaller scale including:

      1. ceremonial and official functions
      2. conferences/retreats/seminars (not as part of a sponsored grant/contract)
      3. recognition/morale activities including department wide staff events occurring no more than twice a year
      4. public relationsdevelopment/fundraising events for the purpose of soliciting or generating the goodwill of prospective donors and alumni
      5. business meetings
      6. recruiting of prospective employees
      7. community engagement and research collaboration with external sponsors
      8. university sponsored meetings and conferences of an external organization
4. 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 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 be in conformance with the alcohol policy in Section 11. In meetings with non-University participants, 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/Annual Events – 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 system office chief fiscal officer.

   Reasonable Per Person Meal Rates -
   Breakfast/ Light Refreshments $10.00
   Lunch 20.00

J. Retirement – Events with a total cost not to exceed $1000 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.

5. Purchasing or Complimentary Distribution of Event Tickets

A. General Policy

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.

B. Tickets and Donations to Charity Events

With limited resources available to carry out its mission, the University must demonstrate prudent judgment when expending funds. 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 needs to be specific.

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

6. Employee Non-Cash Awards and Gifts

A. General Policy

1. Noncash gifts or awards to employees may be paid for by the University for the Events listed below in Section B.
2. 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.
3. Gifts or Awards should be infrequent and generally not awarded to an employee more than once per year.
4. University funds may not be used for occasions such as employee birthdays, weddings, baby showers, anniversaries, or other occasions of a personal nature.

B. Allowable Awards and Gifts

1. Employee Recognition, Length of Service and Departing Gifts

   a. 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 W-2.

   b. 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.
c. 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.

2. Retirement

a. 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 or certificate (i.e. a visa gift card or a gift certificate to a retail store) 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 or certificate) 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.

<table>
<thead>
<tr>
<th>Years of Service</th>
<th>Value of the Gift (Not to Exceed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 to 14 Years</td>
<td>$200</td>
</tr>
<tr>
<td>15 to 19 Years</td>
<td>$300</td>
</tr>
<tr>
<td>20+ Years</td>
<td>$400 or the purchase of a University Chair*</td>
</tr>
</tbody>
</table>

*A University 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 the $400 value and will cover the full cost of the chair.

Definitions Applicable to this Policy

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.

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.

Cash Equivalents

Gift certificates and gift cards are treated the same as cash for tax purpose.
Procedures

In advance of any purchase, all requests for retirement gifts must be submitted to the HR Office by contacting Anna Pitocchelli at 774-455-7568 or apitocchelli@umassp.edu. In her absence, please contact Dave Estrella at 774-455-7567 or destrella@umassp.edu. HR 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.

3. Sympathy/Memorials/Extended Illness

All requests for memorial/sympathy gifts, or charitable contributions, must be submitted to the HR Office by contacting Anna Pitocchelli at 774-455-7568 or apitocchelli@umassp.edu. In her absence, please contact Dave Estrella at 774-455-7567 or destrella@umassp.edu. The HR Office 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.

a. 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.

b. 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.
C. Gift Certificates and Cards Guidelines

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.

7. Moving, Relocation and Temporary Housing

This policy is intended to aid in recruiting and relocating exceptional candidates for critical University positions. The reimbursement or payment of moving expenses and temporary housing expenses for staff members from department current expenditure funds may be authorized to the extent that such funds are available, when the administrative head of the employing department deems this expenditure is necessary and it is approved in advance by the President, Executive Vice-President or the system office chief fiscal officer. Additional approval by the Principal Investigator is required when appointee's expenses are to be paid from a Grant or Contract.

A. Allowable Moving/Temporary Housing Expenses

1. Packaging/Storage/Shipping

Moving expenses are the costs of packing, shipping and storage of household goods (personal effects and property) and the reasonable expense for moving an automobile. The state, MHEC, or other Interstate Moving Contract must be used for contracting with movers for payments made directly to a company. Employees may be reimbursed for use of a non-contract vendor if a lower cost alternative is demonstrated. A University purchase order must indicate the dollar limit of reimbursement. Any costs incurred in excess of the amount indicated are the responsibility of the employee.

2. Transportation

Relocation expenses are the costs of travel for the staff member and family enroute to the position assigned, including transportation, food and lodging; travel necessary to secure living quarters.

3. Rental Trucks/Trailers

Reimbursement for the use of rental trucks or trailers may be authorized if complete documentation is presented that includes receipts for gasoline purchases and truck rental. Reimbursement will be made for the hiring of assistance to help with loading or unloading of household goods when this is the least expensive method.

B. Unallowable Moving/Temporary Housing Expenses

The following expenses should never be paid/reimbursed:

- moving animals (livestock)
- non-household goods (includes book collections)
- cost of connecting or disconnecting appliances or utilities.

C. Reportable Payments/Reimbursements

The University is required to report payments to or on behalf of an employee for moving
household goods or related expenses to the Internal Revenue Service and Massachusetts Department of Revenue.

Generally, the cost of transporting the employee, their family, household goods and personal effects is excluded from federal wages if the IRS distance test is met where the new job is at least 50 miles farther from the former home than the old job location was from the former home. More information on reimbursements for moving expenses can be found on the University Treasurer's Office website: http://www.massachusetts.edu/treasurer/movingexpenses.html

8. Employee Professional Dues and Subscriptions

The university may pay for employee membership dues to 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.

- 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
- Departmental coordination of subscriptions is encouraged to avoid duplication.
- Dues and subscriptions should be in the name of the university to the extent possible and delivered to a university address.
- Union dues will not be paid by the university.

Memberships and subscriptions are not generally allowable as direct costs on a sponsored project. Staff should contact their Grant Accountant before attempting to charge these expenditures to a sponsored project.

9. Cell Phones and Other Communication Devices

To comply with IRS standards the University has developed this policy for employer provided benefits including cell phones and other communication devices (Droids, Treos, iPhones, Blackberries et al). Departments are responsible for the completion of the Handheld Request/Change form and for forwarding the signed, completed agreement to Human Resources. This form is required for every department employee who has a university-issued device. The form can be found on the controller’s office webpage at: http://www.massachusetts.edu/controller/forms.html

A. Cell Phones

When approving the issuance of an employer-provided cell phone, Directors or Department Heads must indicate the business reason for providing the communication device in the appropriate section of the Cell Phone or Other Communication Device Agreement.

A monthly adjustment will be recorded as compensation to reflect the cost of university-provided cellular phone and service, regardless of how much business versus personal minutes
are used per month. The adjustment posted to W2 gross earnings will be based on 25% of the actual cost of the monthly service plan.

The amounts posted to the employee’s W2 are reviewed quarterly or when bills are submitted so as to accurately reflect the current phone service costs.

**Exceptions:**

1. Devices not associated with an individual employee but rotated among employees for departmental purposes and restricted for University business are not reportable.

2. Employees who are issued a university cell phone or other communication device have the option of electing a business use only exclusion which will eliminate paying personal taxes on the value of the cell phone and plan. To meet this exclusion the employee must certify on the affidavit below that the phone will be used exclusively for business purposes. Furthermore, the employee should sign the monthly statement attesting to no personal use.

Failure to follow these criteria will result in the value of the plan being taxable to the employee. Employees who wish to elect this option should complete and sign the Cellular Telephone Affidavit which can be found at [http://www.massachusetts.edu/controller/forms.html](http://www.massachusetts.edu/controller/forms.html) and forward the signed form to Human Resources.

**B. Personal Communications Devices**

The increasing availability and functionality of personal communications devices (e.g., cell phones, “SmartPhones,” Blackberry devices, iPhones, personal digital assistants, etc.) and the associated business need for certain employees to be continuously accessible for University business has brought about an increase in requests from System Office staff to be issued such devices at University expense. At the same time, it must be acknowledged that these devices are accompanied by upfront/capital costs of acquisition and considerable monthly recurring charges. Due to the expense and budgetary impact, the System Office must exercise restraint in the issuance of such devices. Devices also need to be procured with due consideration for how they integrate with existing technology services supported by the System Office. Accordingly, the guidelines below must be followed prior to the procurement of and payment for personal communications devices.

**Guidelines**

1. Requests for issuance of personal communications devices paid for by the University must be approved in writing by the Senior Vice President for Administration, Finance, & Technology and Treasurer. Such requests should include business justification (e.g., anticipated frequency of use, business travel requirements, nature of position responsibilities, etc.) and the approval of the department head/supervisor which will also indicate that the department has budgeted for the acquisition cost and monthly recurring charges of such devices.

   Approved requests should be forwarded to the Communications, Business Systems and Procard Manager for procurement, account establishment, and setup of the device.

2. Staff issued such devices are personally liable for any additional charges incurred for non-business use.
10. 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 system office chief fiscal officer. 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.

Consistent with the Cell Phone or Other Communication Device Agreement, tracking of personal use of a home internet service is impractical and payments for approved reimbursements will be considered taxable income to the employee.

11. 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 system office chief fiscal officer, 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.

12. UMass Club

A. All individual club memberships are an individual’s responsibility and the membership costs are not a business or reimbursable expense.

B. 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 not utilize the UMass procard for such expenses.

C. 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.

D. Internal group meetings with only intra-office participants, consistent with normal policy, are not a legitimate business expense.

E. University offices may use caterers other than the UMass Club service if a meeting is held outside the club premises.
13. Documentation

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 a receipt and documentation including all the following:

- The date, location and description of the expenditure.
- The name(s), title, organization affiliation and business relationship of the person(s) in attendance.
- Business purpose for incurring the expense.
- Approval of the expenditure through administrative channels noted above.

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 receipts should be scanned and attached electronically.

14. Conflict of Interest Law

Chapter 268A of the 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:

- 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.