

TEXAS SOUTHERN UNIVERSITY
MANUAL OF ADMINISTRATIVE POLICIES AND PROCEDURES

SECTION: Fiscal Affairs

NUMBER: 03.01.02

AREA: General

SUBJECT: Entertainment Expenditures

1. PURPOSE

Texas Southern University recognizes that business entertainment can be essential to the operation of the university. This document places this activity in proper focus, and issues guidelines to ensure prudent control of these expenditures. Certain conditions which must be met in the general categories of the university business entertainment are set forth in the following sections of this document. These guidelines shall apply to all funds of the university, except those funds appropriated by the State of Texas which cannot be expended for these purposes under any circumstances.

2. GENERAL GUIDELINES

- 2.1. All reimbursement requests for entertainment expenses must be processed through the Accounts Payable Department.
- 2.2. Use of university funds for entertainment shall be restricted to occasions that can be demonstrated to provide benefit to the university and shall be limited to those whose attendance provides benefit.
- 2.3. Authority to approve reimbursement requests for entertainment expenses of individuals subject to these regulations is delegated to the following university officers.
 - a. President;
 - b. Vice President;
 - c. General Counsel;
 - d. Internal Auditor;
 - g. Associate/Assistant Vice-Presidents;
 - h. Deans;
 - i. Associate Deans;

- j. Department Chairs; and
- k. Directors.

In every case, the entertainment reimbursement must be approved by the official in higher authority than the highest-ranking person of the sponsoring group who is in attendance at the event.

- 2.4 Entertainment expenditures must be documented to show the following:
- a. Identification of the persons or group being entertained. If a small group is being entertained (ten or fewer), the names of all persons attending will be shown; for large groups, only the names of the honored guests should be shown along with the number of persons attending;
 - b. A statement as to the reason for such entertainment, indicating how the entertainment benefited the university and clarifying the relationship of the persons in attendance to the particular aspects of the university's programs or activities which will be benefited. (Titles, committee name, field of interest of person being entertained, reason for visitor being on campus, etc.); and
 - c. The time, date, and place of entertainment. If alcoholic beverages were served, the time that alcohol was served is also required, since state employees may not consume alcoholic beverages during normal business hours, whose payroll is paid with state-appropriated funds (TEX. GOV'T CODE ANN. § 2113.012).
- 2.5. Receipts for entertainment expenses are required for reimbursement to faculty or staff members. If payment is to be made to a vendor, the original invoice or statement of cost is required.
- 2.6 Expenses of the Office of Governmental Relations may be reimbursed without receipts or documentation required in Section 2.4; provided that the Governmental Relations employee maintains appropriate records of expenses on behalf of the university.
- 2.7. Payment will not be made for entertainment expenditures unless the documentation is complete. A request for required documentation will be forwarded to the appropriate authority when additional material is necessary. If appropriate action is not taken to properly document the expenditure, the individual faculty or staff member must bear the cost of the entertainment.
- 2.8. The Chief Financial Officer will designate an appropriate office to disseminate guidelines and appropriate limits for all divisions of the university for reasonable entertainment expenditures. Such guidelines will give specific provisions for

approval of entertainment reimbursement and other matters related to entertainment expenditures. They will also include provisions for approval by the employee's supervisor or appropriate authority for processing with the Accounts Payable system. In the absence of such campus guidelines, university guidelines will be used.

- 2.9. Entertainment expenses may only be charged to contracts or grants with the university if such entertainment is not prohibited by the terms of the contract or grant and provides a specific, documented benefit to the contract or grant. However, alcoholic beverages may not be charged to a contract or grant under any circumstances.
- 2.10. Expenditures for alcoholic beverages may be paid from authorized university funds, but must be itemized and provided with the appropriate account where the cost is known. Under the terms of the General Appropriations Act (Article III, Section 9), alcoholic beverages may not be paid from state appropriated funds or from funds under the control of the Athletics Department. Purchase of alcoholic beverages is also prohibited from sponsored project funds (under the terms of OMB Circular A-21).

3. CATEGORIES OF ENTERTAINMENT

- 3.1. Prospective faculty and staff: The university recruits in a highly competitive market for faculty and staff. It is the policy of the university to invite prospective faculty and staff, and on occasion both candidate and spouse, to visit the university. Travel and other reasonable expenses for such activities will be reimbursed.
- 3.2. Official guests of the university: The university is not normally expected to reimburse official guests for travel and related expenses, except when guests travel to the university on specific invitation. However, it is recognized that entertainment of guests is essential. Examples of official guests would include: visitors from foreign countries, representatives of research organizations, visitors from other universities, individuals interested in university programs and problems, guests invited to assist in the development of new programs (both paid and non-paid consultants), and business and community leaders from Houston, the Gulf Coast region and the State at large. The relationship between the visitor and the university faculty and staff attending the function or their areas of responsibility must be clearly indicated.
- 3.3. Involvement of spouses in university official functions is generally not appropriate. When, however, there are reasonable expectations of third parties regarding attendance of non-employee spouses at university functions, the university will reimburse such expenditures. The appropriateness of inclusion of non-employee spouses is left to the discretion of the Dean, Director or executive administrator responsible for the event, who will indicate his/her approval by

signing the voucher, P-Card journal or attachment. The business purpose must be clearly documented.

- 3.4. Conference, workshops, meetings, seminars, etc: In the case of conferences and workshops conducted by the university which are supported by income from registration fees, all expenses, including entertainment, must be covered with the revenue produced by the event.
 - a. There are other conferences, workshops, meetings, seminars, etc., which are not self-supporting. These are usually organized around: (a) university groups in combination with outside persons, or (b) groups limited to university personnel. Entertainment expenses associated with the combination groups will be handled in the same way as those for official guests of the university (Section 3.2).
 - b. Group meetings limited to university personnel only will be handled under this guideline but must have specific prior administrative approval. Appropriate documentation shall be provided to the administration, indicating that the workshop or conference is essential to the operation of the university and that provision of meals and/or refreshments will expedite the proceedings of the conference or workshop. Approval of the request will be considered evidence of prior administrative approval.
- 3.5. Receptions: Receptions held by the President and other designated campus senior officers shall be paid as entertainment. These officers may, from time to time, hold dinner meetings for faculty and staff of the university for the purpose of discussing items of general university interest. Such meetings shall be paid by the university as entertainment.
- 3.6. Club memberships: Certain officers, as part of the employment contract to carry out designated official responsibilities, have club dues paid in part by the university. A corresponding percent of the club dues, where applicable, will be considered a taxable fringe benefit and reported on the employee's Form W-2 (see the University MAPP entitled "Taxable Fringe Benefits"). Should there be charges of a personal nature, the employee shall deduct the amount from the bill and remit the portion directly to the club.
- 3.7. Business Meals: Business meals are a form of entertainment in which a university employee discusses university business with another university employee or non-employee over breakfast, lunch or dinner. Individual travel meals are not considered business meals or entertainment, but should be paid or reimbursed as a travel expense. Business meals should be accounted for by the employee who charged or paid for the expense by providing the documentation required in Sections 2.4. and 2.5. above to the appropriate department business office within 60 days of the event.

4. REVIEW AND RESPONSIBILITY

Responsible Party: Chief Financial Officer

Review: Every three years on or before August 31

5. APPROVAL

Approved: *Jim McShan*
Chief Financial Officer

John M. Rudley
President

06/24/09
Date of President's Approval