

Hospitality Expenditure Policy ***Frequently Asked Questions (FAQ)***

Updated 3/16/2004

- 1) What do I do if no receipt is available for hospitality expenditures?
 - a) Use the form located at the following web site to document the expenses. Note that the signature of the Business Manager is required on this document. This form is used for foundation and University expenses – depending on whether alcohol was included in the total.

http://www.purdue.edu/ecco/Purchasing_card/Welcome.htm

- 2) My department head has paid for a meal that fits within the University's Hospitality Guidelines, but he would like to be reimbursed from PRF Funds. Alcohol is not included on the receipt. How do I explain that I cannot directly reimburse him from PRF?
 - a) Explain that he can be reimbursed from a departmental gift account, and that funds can be transferred from PRF into the departmental gift account.

- 3) A faculty member has submitted an itemized restaurant bill that contains sales tax. Isn't the University tax-exempt?
 - a) The University's tax-exempt status does not apply to restaurant and catering charges. Provided the restaurant expense is otherwise allowable under the hospitality policy, the entire amount would be reimbursed.

- 4) A caterer has submitted an invoice, but neglected to include sales tax. What is the process for adding sales tax when necessary?
 - a) Add in 6% sales tax and inform the vendor.

- 5) Are luncheons associated with performance feedback allowable under this policy?
 - a) No.

- 6) Can musicians not affiliated with PMO still be paid from PRF funds?
 - a) Yes.
- 7) What are allowable business meetings?
 - a) There must be a bona fide business discussion taking place. Examples include retreats, workshops, orientations, advisory groups, and committees.
- 8) What needs to be included on my reimbursement request?
 - a) What was the business purpose of the meeting? Who attended? Why was the number of attendees reasonable and necessary to conduct the University business at the event? Is reimbursement requested for non-University employees (e.g., spouse / partner) and why was their attendance reasonable and necessary to conduct the University business purpose of the event? Provide a statement that all expenses for which reimbursement is requested are allowable under the Hospitality Policy.
- 9) Can I get an increase on my hospitality purchasing card if needed for a special event?
 - a) Yes, for named cards only.
- 10) Will reimbursements be made via check, or via direct deposit?
 - a) Reimbursements will be made via check, unless included with a travel reimbursement.
- 11) What do I do with subsistence when reimbursing via a Form 25 (Travel Reimbursement Form) for hospitality expenses?
 - a) The amounts on the Form 25 under "Hospitality Reimbursement" include actual amounts for the meal provided its purpose falls within the policy. Per diem for the traveler (employee) is reduced for meals provided in conjunction with hospitality expense. This is similar to meals provided with a registration fee – i.e. if the staff member takes a prospective donor out to dinner, his/her per diem is reduced by the CONUS value of one dinner. Original itemized receipts must be attached and must not include alcohol. The hospitality object code must be used for the meal reimbursement.

- 12) If a Dean or Department Head entertains in their own home, can they be reimbursed for groceries purchased for the function?
 - a) Yes.
- 13) Is it still appropriate to use object code 5-5606 (Hospitality & Food Service), or should the new object code 5-7988 (Hospitality) be used in all instances?
 - a) Use 5-7988.
- 14) If a staff member buys alcohol with a University hospitality card, will the card be declined?
 - a) No. The card is coded to allow food and beverages so would not be declined. However, this must be handled as a problem and funds should be brought in from the foundation to cover the expense (as a reimbursement of expense). The staff member must be strongly reminded that University hospitality cards cannot be used to purchase alcohol. The privilege to use a University hospitality card may be revoked for repeated violations.
- 15) Is it allowable to have five people attend a dinner for a prospective employee?
 - a) An internal policy should be established by deans/department heads to determine reasonableness. Allowable expenses under this policy must be “reasonable and appropriate to the occasion”.
- 16) Will PRF continue to accept non-itemized receipts?
 - a) No. Use the same lost receipt form as for the University.
 - b) http://www.purdue.edu/ecco/Purchasing_Card/Welcome.html
- 17) Is it allowable to pay caterers via a direct invoice voucher?
 - a) Yes, provided no alcohol is included
- 18) What if an itemized receipt contains the word “beverages”?
 - a) Ask the employee whether beverages means alcohol, and then pay the bill with the appropriate funding source. Include a statement

on the reimbursement request that all expenditures are allowable under the University's Hospitality Policy.

- 19) What is the exception process for hospitality expenses?
 - a) Exceptions on PU funds go to the Associate Comptroller. Exceptions on PRF funds go to PRF's Controller. Please copy the Director of Academic Business Managers on any requests for exception.
- 20) Are "give-away's" covered under the Hospitality policy?
 - a) No.
- 21) What decorations are allowed for receptions? Can balloons and party decorations be purchased?
 - a) Floral arrangements are the only allowable decorations for events specifically covered by the hospitality policy. This does not include corsages or boutonnieres, balloons, crepe paper, banners, etc.
- 22) Can we purchase tickets to an event that includes a meal if the meal is the predominant focus of the event?
 - a) No. This is entertainment and does not fall within the hospitality policy.
- 23) Can we reimburse an employee or other individual for baking a cake for a retirement reception?
 - a) Per the Business Procedure Manual, procuring goods and services from employees is generally prohibited. For amounts less than \$1,000, the approval of the Director of Purchasing Services is required. Amounts \$1,000 or more require approval of the President. For other individuals (provided that individual is not a relative of an employee), reimbursement is allowed provided that individual is in the business of providing that service and can provide a detailed itemized invoice for the service. Otherwise, the only expenses that could be reimbursed would be the actual expense incurred and documented by detailed receipts (i.e. receipts for ingredients from the grocery store).

- 24) Are employee recognition luncheons and events allowable under the hospitality policy?
- a) No. Receptions are appropriate for employee recognition. The only meals that are allowable under the policy are business meetings and meals for prospective employees, donors, guests, and visitors
- 25) I'm confused, describe a "reception".
- a) Receptions usually consist of cake and punch, cookies, and hors d'oeuvres. A reception would not take the place of a meal for most people. Allowable expenses for a reception would include: food, paper and plastic serviceware, paper tablecloths, and floral centerpieces.
- 26) Are there situations where "hospitality" expenses that do not include alcohol would *not* be allowable under the University's policy?
- a) Yes. The University's policy covers three allowable events: business meetings, meals for prospective employees, donors, guests, and visitors, and receptions. Expenses for food outside of those situations would continue to be paid through the foundations.
- 27) My department had RHI cater an event and we received a CARS bill. The expenses are allowable under the University's hospitality policy. What do we do?
- a) Contact RHI and ask them to cancel the CARS bill and bill you via intramural invoice voucher.
- 28) A faculty member took out a prospective graduate student, two current graduate students, and the prospective grad student's spouse. Our departmental guidelines limit the number of people who can attend so the entire amount won't be reimbursed. In addition, alcohol was purchased which is also against our departmental guidelines. The faculty member does not want to be reimbursed for the alcohol. Since we won't be reimbursing for the

alcohol, can we partially reimburse this expense using University funds?

- a) Yes, provided this is a partial reimbursement. When the first hospitality training sessions were conducted, we indicated that an invoice could not be split between the foundation and the University. At the time, we did not anticipate there would be situations where an invoice would be reimbursed partially – as this question suggests.

For partial reimbursements, the original itemized receipt must be attached. On the face of the invoice voucher clearly document 1) that the entire amount is not being reimbursed due to the total cost exceeding departmental guidelines, 2) that reimbursement will not be sought from the foundations for *any* part of the expense, and 3) that the alcohol is not being reimbursed per University policy. If it's your department's policy to reimburse up to a flat dollar amount, you'll need to make sure that the allowable food expenses at least meet that dollar amount otherwise we would effectively be reimbursing some part of the alcohol expense.

- 29) A faculty member took a speaker, a prospective donor and the three respective spouses to dinner at a very nice restaurant. Each person ordered appetizers, salads, filet mignons, and dessert. No alcohol was included. Is this allowable?
 - a) Meals for prospective employees, visitors, guests, and donors are allowable under the policy. However, expenses must be reasonable and appropriate to the situation. In this case, the business manager should review the expense with the department head or dean to determine if it was “reasonable and appropriate to the situation”. If the department head or dean feels it was excessive, then reimburse partially.
- 30) Faculty and staff don't want to come to the business office to get a hospitality checkout card. As a result, we have lots of small dollar receipts to reimburse. Any suggestions?

- a) Explain that using the hospitality checkout card means they won't have to wait for reimbursement. Using the pcard is the least expensive process for the University (vs. direct invoice voucher which is most costly and time-consuming).

- 31) The hospitality card was "accidentally" used to purchase office supplies. What do I need to do?
 - a) When you reconcile the charge in Ariba, change the object code to an appropriate expense object code other than 5-7988.