

SOG Policy on Business Entertainment/Business Meals

Business entertainment expenses (business meals) are often essential for employees to carry out the mission of the School of Government (SOG). Business meals occur when an employee is hosting a group of individuals for a specific business purpose and the meal is provided as a part of that business meeting.

Funding for business meals is limited, and not all fund sources may pay for business meals.

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1. SOG specific guidelines and limitations for business meals

SOG employees are required to seek approval from their supervisor, department head, or SOG Leadership Team prior to incurring the expense. All business meals must also follow the University policy described in Section 2 and the payment process described in Section 3.

- **Operations departments** are granted morale funds in the amount of \$500 per calendar year to support business meals and professional development activities. These activities should be approved by the department director.
- **Entrepreneurial Initiatives** are responsible for setting appropriate internal budgets for business entertainment in accordance with available funding and limitations of funders.
- **Faculty** should seek approval from the appropriate Division Director for business meals, unless the faculty member has funding from a contract, grant, or gift specifically deemed for this purpose, or if using Professorship funds for appropriate research-related business entertainment expenses.
- **Recruitment** business meals should follow the parameters described below and should be approved by the Associate Dean for Human Resources.
- Business meals in support of **advancement activities** should be approved by the Associate Dean for Advancement.
- Requests to use School funding to support other business meals in support of **special activities or initiatives**, such as committee meetings, meet and greets, and celebrations, should be directed to the SOG Leadership Team. Contact Lauren Partin to request approval.

2. University Policy on Business Entertainment Expenses

The following summarizes important elements of University Policy. See [UNC Policy Knowledge Base](#) for full details.

Requirements for Business Entertainment Expenses

Business entertainment expenses are considered appropriate only if the following three conditions are satisfied:

1. there must be a business connection/reason for the expenses; The business connection requirement generally is satisfied if the expenses are incurred in connection with the performance of services as an employee.
2. the employee must substantiate (document) the expenses (documentation requirements are detailed below); and
3. the employee must return to the SOG amounts in excess of the substantiated (or deemed substantiated) expenses.

See below for further guidance around specific funding sources and business purposes.

Sponsored Projects

Business entertainment expenses cannot be charged to contracts and grants unless such entertainment is specifically authorized by the terms of the contract or grant. Please contact Sherrie Baldwin (slrogers@sog.unc.edu) to discuss whether your sponsored project funding will allow business entertainment expenses.

State Funds

State funds may not be used to purchase alcohol.

School of Government Trust and Other Special Funds

Business entertainment expenses may be charged to SOG Trust Funds and Special Funds as described below.

Alcohol - Alcohol may be purchased from other Institutional Trust Funds or Special Funds only if those funds are discretionary in nature and the fund authority is sufficiently broad to cover the purchase. [Guidelines](#) pertaining to the purchase and sale of alcohol, the location of functions which includes alcohol on University property, and the requirements for functions at which alcohol is served should be followed.

Recruitment of Employees and Students - The SOG recruits in a highly competitive market for top employees and students. It is the policy of the SOG to invite prospective employees and students, on occasion, to visit the campus. Prudent and reasonable costs of a dinner (or other meal) meeting or a reception which occurs as part of the recruitment process may be reimbursed as business entertainment.

Prudence suggests that SOG employees (including their guests) involved in the recruitment events should be limited to:

1. in the case of faculty: key faculty, department chairs, and dean or associate dean;
2. in the case of department heads: the dean, associate dean, key faculty, and administrative officials;
3. in the case of recruitment of deans: the members of the search committee, faculty as appropriate, and deans and administrative officials; and
4. in the case of major administrative officials: the members of the search committee, faculty and administrative staff as appropriate, and administrative officials.

Official Guests of the SOG

Business entertainment of SOG guests is essential. Examples of official guests would include the following: visiting lecturers; representatives of research organizations; visitors from other universities; individuals interested in SOG programs and issues (potential donors); guests invited to assist in the development of new programs (both paid and non-paid consultants); and business and community leaders. The relationship between the visitor and the SOG employees attending the function or their areas of responsibility must be clearly indicated, particularly for those who are at the campus on specific business on behalf of the SOG.

The SOG is not normally expected to reimburse official guests for travel and related expenses, except where the guests travel to the SOG on specific invitation. Reasonable costs of a dinner (or other meal) meeting or a reception which occurs as part of the official guest's visit may be reimbursed as business entertainment.

External Conferences

Business entertainment expenses should be covered from the revenue produced by the event and separate records maintained.

Internal Conferences, Training Sessions, Recognition Events, Business Meetings, and Seminars

A meal, such as a luncheon, and refreshment breaks which are provided as part of a departmental conference, training session, a recognition event for one or more employees, a business meeting, or a seminar are allowable as business entertainment expenses. These events are planned in advance, have a written agenda and have a list of attendees. The costs incurred should be prudent and reasonable.

Receptions and Dinner Meetings

Receptions for employees, alumni and friends of the SOG are allowable as business entertainment.

The SOG may, from time to time, hold dinner meetings for administrative officers, deans, department chairs, and faculty, including guests, for the purpose of discussing items of general SOG interest. Such meetings are allowable by the SOG as business entertainment.

3. Process for paying for business meals and documentation requirements

Allowable Payment Methods

Business Entertainment Expenses may be paid for through the following methods:

- SOG Services Ramp Card – allowed for Business Entertainment Expenses in support of general school operations or in conjunction with specific programs and events as defined in university policy.
- Purchasing Card (P-Card) - allowed only for Business Entertainment Expenses which do not include Alcohol and do not exceed \$5,000.
- Travel & Expense (T&E) Card - allowed for Business Entertainment Expenses which do not exceed \$5,000.
- Requisition - if the event exceeds \$5,000 or requires advanced payment.

Events which require a contract may also be paid for on the P-Card or T&E Card if the purchase had been reviewed and approved by Purchasing Services. Events which exceed \$5,000 may also be paid on the T&E Card if reviewed and approved by Purchasing Services. Business Entertainment Expenses paid for out-of-pocket may be submitted for reimbursement in Concur Expense.

Documentation Requirements

Business entertainment expenses must be documented (substantiated) to meet requirements of the federal tax code (see section below), and prudent business practices. To meet these standards the expenses must be documented to show:

- Identification of the persons or group being entertained. If a small group (eight or fewer individuals) is being entertained, the names and total number of all persons attending must be shown.
- A statement as to the reason for such business entertainment. Indicate how the business entertainment benefited the SOG and clarify the relationship of the persons in attendance to the particular aspects of the SOG's programs or activities (titles, committee names, field of interest of person being entertained, reason for visitor being on campus, etc.).
- The place of entertainment. The location must be provided. Receipts for business entertainment expenses are required for reimbursement to employees. If payment is to be made to a vendor, the normal invoice or statement of costs is required. If payment is made on the P-Card, T&E Card, or out-of-pocket, a copy of the credit card receipt and the itemized receipt is required. If

the itemized receipt is not available, a Missing Itemized Receipt Affidavit form must be completed and submitted.

If Business Entertainment Expenses are paid for by P-Card, this documentation must be included with the transaction reconciliation in Works. If Business Entertainment Expenses are paid for by T&E Card or out-of-pocket, this documentation must be included on the Expense Report in Concur. Concur will require that attendees be added to the expense and that the total cost be itemized.