



PROCEDURES: Hospitality Expenditures

AUTHORITY: University Administration

RESPONSIBILITY: Vice President Finance and Administration

EFFECTIVE DATE: November 1, 2013

Purpose

To implement the Travel, Hospitality and Business Expenditures Policy as concerns Hospitality, the following specific actions will be taken to conform to the policy. These procedures set forth the documentation and approval processes for hospitality expenditures for both external and employee events.

Responsibility

The Vice President Finance and Administration, on behalf of The Administration of the University, is responsible for the development, administration and review of these procedures.

Payment of Expenses

Payment of hospitality expenditures are normally expected to be processed in one of the following ways:

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Revised:

Cross Reference:

RELEVANT LEGISLATION

Income Tax Act

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- Use of Corporate Visa cards (supported by the University Travel Expense Claim Form)
- Reimbursement Claim (using the University Travel Expense Claim Form)
- Directly via an approved purchase order and/or supplier invoice, subject to the requirements of the University Purchasing Policy.

Claims must be accompanied by original receipts or paid invoices. Credit/debit card slips alone **are not** acceptable where detailed receipts are normally available, as they do not provide sufficient detail about the items being claimed or the applicable taxes.

Supporting documentation for all hospitality expenses must include:

- the names(s) of the external individual(s) and/or University employee(s),
- the number and names of people in attendance (where practical), and
- a statement of justification for the expenditure (i.e. purpose of the function).

For expenses that are considered to be taxable benefits, Departments must submit the name, employee number, fair market value of the benefit (usually the cost) and the nature of the benefit to Payroll in order for the benefit to be added to the employee's T4 taxable earnings. Departments should also advise their employees that a taxable benefit is being assessed.

The University **will not** reimburse expenses that are older than 6 months.

Reimbursement of expenses does not in itself constitute final approval and all expense statements are subject to audit and subsequent adjustment if necessary.

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The **appropriate administrator** in each case is responsible for authorizing hospitality expenditures and ensuring compliance with policy and procedures by the employees in their departments. Generally the appropriate administrator is the supervisor of the employee or faculty member in accordance with the “one-over-one approval” principle of authorization as defined in the Travel, Hospitality and Business Expenditure Policy. The Chair of the Board of Regents will review and approve the President’s expenditures. Board Members claims for reimbursement will be submitted to the Board Secretary for review and approval.

Departmental social functions using University funds require approval of the Department/Chair/Director, or higher Authority.

Gifts must normally be approved by the Department/Chair/Director, or a higher Authority. Gifts considered a taxable benefit require the approval of a Dean, Associate Vice-President or higher Authority.

When multiple University faculty and/or staff attend the same function, the most Senior employee (highest administrative ranking) should pay and include the costs on their credit card / expense claim, which must then be authorized in compliance with the “one-over-one approval” principle.

All claims must normally be approved by the employee’s direct supervisor in compliance with the “one-over-one approval” principle. In no circumstances may an individual approve their own expenditures or the expenditures of subordinates where any part of the reimbursement contains amounts attributable to the authorizer.

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“One-over-one approval” indicates that expenditures are considered appropriate, reasonable and in accordance with University policy and guidelines.

Expenditures should only be incurred if there are adequate resources available within the appropriate departmental operating budget, designated fund or grant account to pay for them.

Exceptions to these guidelines and procedures may be authorized in appropriate circumstances with prior approval of the Associate Vice-President (Finance & Operations)

Review:

These procedures shall be reviewed in conjunction with the Policy review at least once every five years.

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HOSPITALITY INVOLVING EXTERNAL GUESTS - GUIDELINES

PURPOSE

- 1.01 The purpose of these guidelines are to provide guidance to those individuals incurring or approving hospitality expenditures in determining the categories and levels of expenditures that can be incurred with respect to hospitality expenditures and to set forth the related procedures and approval processes.

PRINCIPLES

- 2.01 As a publicly funded institution, the University is accountable for the effective and efficient use of its resources and for ensuring those resources are deployed in the best possible way.
- 2.02 While the University recognizes that hospitality expenditures will be incurred in carrying out its mission, for most departments these expenses are expected to be minimal. The number of visitors being hosted and the number of university employees attending should be reasonable and appropriate to the purpose of the event.
- 2.03 Where policies or guidelines provided by a funding agency or sponsor differ, those of the funding agency take precedence when they are more restrictive. Many granting agencies do not allow hospitality or entertainment expenses or alcoholic beverages as claimable expenses.

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TYPES OF EXPENDITURES

3.01 The following are examples of the most common categories of hospitality.

Meals and Social Functions

- 4.01 The cost per individual for meals and social functions, including alcohol, should be reasonable. In general, reasonable costs are consistent with the meal allowances provided in the University's per diem allowance for travel. Expenditures in excess of per diem amounts may be approved by a Dean, AVP or higher authority.
- 4.02 The consumption of alcohol should not exceed one to two drinks per person per meal/function. Employees should recognize the risks of consumption and use alcohol responsibly. In particular employees should avoid driving after consuming alcohol.
- 4.03 Faculty and staff are normally expected to pay and claim their own expenditures but in circumstances where this is not practical, hospitality may be paid and claimed by a single employee. Normally, approval of the supervisor of the most senior employee attending the event must be obtained except where the senior employee passively attends a function without involvement in the arrangements. In this case, the one-over-one signing authority of the less senior employee may approve the claim.

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- 4.04 Expenditures for a spouse/partner of the visitor or a university employee (where they are attending in this capacity) must be approved by a Dean, AVP or higher authority.
- 4.05 Meals and social functions must be supported by detailed original receipts, a written statement of the purpose of the social function and a list of attendees and their affiliation to the university.

Gifts

- 4.06 Modest gifts given to external individuals as a result of the normal exchange between persons doing business together are acceptable provided that ethical and proper business practices are not compromised. In accordance with Canada Revenue Agency guidelines, cash and near-cash (gift certificates) gifts are considered taxable income to the recipient and therefore should not be used.

INELIGIBLE EXPENSES

- 5.01 Ineligible expenses include but are not restricted to:
- Memberships deemed to be personal or social in nature (e.g., University Club, recreational facilities)
 - Non-business related or personal expenses
 - Interest charges levied on overdue invoices or credit card statements

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- Meals included in other reimbursable items (e.g., conferences)
 - Expenses related to a spouse/partner (where they attend in this capacity) unless pre-authorized and deemed required for official university business
 - Social events deemed to be personal in nature
 - Tickets, fines or insurance deductibles
 - Political donations
 - Expenditures which would cause the departmental budget, grant or restricted account to exceed the amount available to spend
- 5.02 At times, special circumstances may arise that warrant exceptions from the list of ineligible expenses. In these cases claims must be approved by the Associate Vice-President (Finance & Operations).
- 5.03 Costs pertaining to research, specific purpose and restricted funds may be incurred only if they are permitted by, and in accordance with the terms and conditions of the funding agreement, award or contract.
- 5.04 Whenever the University is expected to cover the costs of a guest at a hotel, the expenses of that guest must be pre-approved by the department hosting that guest on the University's Hotel Authorization Form (HAF) which may be found on the Financial Services website prior to check-in.

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HOSPITALITY INVOLVING EMPLOYEES ONLY - GUIDELINES

PURPOSE

- 1.00 The purpose of these guidelines is to provide guidance to those individuals incurring or approving hospitality expenditures in determining the categories and levels of expenditures that can be incurred with respect to hospitality expenditures and to set forth the related procedures and approval processes.

TYPES OF EXPENDITURES

- 2.00 The following are examples of the most common categories of hospitality.
- 2.01 **Work Meetings** - Meals or refreshments provided at work meetings attended solely by university faculty and staff are permitted as long as the purpose of the meeting is work-related (such as planning, education, collaboration, etc.) and the cost per individual is reasonable. **Consumption of alcohol is not permitted.** Individuals scheduling work meetings and arranging meals or refreshments must consider the business purpose, frequency and regularity of incurring such expenses.
- 2.02 **Departmental Social Functions** - Generally, departments may incur reasonable costs of **up to two** employee social events per calendar year. Examples of social events include holiday receptions, employee picnics, BBQs, etc but exclude retirement functions and university-wide functions which are addressed separately below.

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- 2.03 In general, reasonable costs are defined as in line with the travel per diems set by the University from time-to-time and do **not** include any costs of alcohol. Alcohol, if available and paid for personally, should be used responsibly, recognizing risks of consumption. Ancillary costs such as taxes, tips, room rentals, transportation or taxi fare are included in the per diem threshold.
- 2.04 **Retirement Functions** - The University supports an annual retirement event to honor all retirees. Departments may subsidize departmental retirement functions as a part of the two social event limit described in 3.02.
- 2.05 **University-Wide Functions** - The University may sponsor a variety of social functions arranged through Ceremonies or Human Resources, where the University is considered to be the primary beneficiary. Examples include, but are not limited to, the Retirees Reception and Long Service Reception. A modest amount of alcohol may be provided in appropriate circumstances.

Gifts and Awards

- 3.01 This guideline should not discourage the use of personal funds or departmental “social funds” to contribute to the cost of gifts to faculty and staff.
- 3.02 The University may purchase gifts for employees in recognition of special occasions related to their employment. These gifts may not be performance related, or they will be considered taxable. Generally these gifts are purchased for University-wide functions and coordinated through Human Resources and the Events Office. The Human Resources department sets the value of these gifts in accordance with CRA guidelines.

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- 3.03 Other than the circumstances identified in 4.02, University funds should not be used to purchase gifts for employees.
- 3.04 Gifts of smaller value (**less than \$20**) are permitted and are not generally considered taxable. Examples of smaller value items include coffee or tea, T-shirts, mugs or plaques or trophies.
- 3.05 If a payment or gift is made that may be taxable please contact Payroll for guidance.
- 3.06 Gifts do not include honorariums or performance related awards or events.

Prize Draws

- 4.01 Prizes provided by the University through draws open only to university employees are considered taxable benefits from employment by CRA and the fair value of the prize must be added to the winner's taxable earnings, even if the prize has been donated to the University. Draws where there is a reasonable cost to enter, or the winner has the right to purchase the prize at fair market value (for example fundraisers or draws to purchase Jets tickets) are not considered taxable benefits.

INELIGIBLE EXPENSES

- 5.01 Costs pertaining to research, specific purpose and restricted funds may be incurred only if they are permitted by and are in compliance with the terms and conditions of the funding agreement, award or contract.