Hospitality Policy and Procedures FI 2.1

Expiration Date: December 31, 2022
Signature/Position: Assistant Vice-President, Finance and Services

PLEASE VISIT THE TRAVEL AND EXPENSE CLAIMS PAGE [1] FOR THE CURRENT HOSPITALITY EXPENSE REIMBURSEMENT PROCEDURES [2].

THE BELOW POLICY AND PROCEDURES HAS BEEN ARCHIVED AND IS NO LONGER VALID.

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A. Purpose:

1. This policy is to ensure hospitality expenses incurred on university- related business, regardless of source of funding, are incurred in an appropriate and reasonable manner consistent with the **BPS (Broader Public Sector) Expenses Directive**. This Directive, issued under the provincial *"Broader Public Sector Accountability Act, 2010*" requires that all universities maintain certain levels of accountability and transparency in the oversight and administration of their expenditures. While not providing detailed prescribed procedures, this Directive requires that certain principles and practices be incorporated in the execution of university business transactions.

B. Scope:

1. "Hospitality" expenses include the provision of food, beverage, accommodation, transportation or other amenities paid out of University funds when the event involves people from outside the University. Functions involving only people who work for the University are not considered hospitality functions. Refer to Section E on **Internal Meetings and Staff Events** for allowable expenses related to University employees.
2. This Policy applies to hospitality expenses from all funding sources including operating, research, ancillary, restricted or grant and trust accounts. (Note: In cases where funds provided by external sponsors require more restrictive terms and conditions related to hospitality expenses, the more restrictive policies and procedures will apply). In cases where terms and conditions permit less restrictive terms and conditions than are contained in the University of Guelph policies and procedures, the University policies and procedures will apply.)

C. Principles:

- **Accountability:** As a public institution, the University is accountable for effective and efficient stewardship of its resources and for ensuring that these resources are deployed or leveraged in a responsible manner in support

of its mandate.

- **Appropriateness:** The University recognizes that hospitality expenses, where the primary purpose relates to the business of the University, may, on occasion, be incurred in carrying out its teaching, research and service activities. For most departments, these expenses are expected to be minimal. In all cases expenses must be reasonable.
- **Scope:** Hospitality expenses could include the provision of food, beverages, social and recreational activities for the purpose of hosting university guests, prospective and current staff, students, benefactors, volunteers or stakeholders. The number of visitors being hosted and the number of university employees attending should be kept to a minimum number appropriate to the purpose of the event.
- **Approval:** The approval of the most senior University employee hosting the event is required and expenses must be approved by the next level higher of the expense claimant e.g., a Chair's expense must be approved by the Dean.
- **Spouse/partner:** Hospitality expenses for a University employee's spouse/partner are allowable in circumstances where there is a clear and justifiable University-business purpose.
- **Documentation:** Supporting documentation for reimbursement claims and/or direct charges must include the name(s) of the visitor(s) and/or the name(s) of the company or agency that the visitor(s) represents, the purpose of the function, the name of university employees and/or the name of the university committee/department hosting the function, and the number of people in attendance at the function.
- **Responsibilities:** The individual incurring the expenditure will be personally responsible for payment of any expenses which exceed reasonable limits or are not in compliance with this or other applicable policies. It is the responsibility of the approver, to ensure the appropriateness and reasonableness of the expenditures being charged.
- **Non-Compliance:** Non-Compliance with this Policy will result in the adjustment of any claim to an amount defensible under this Policy or in case of insufficient supporting documentation, rejection (non-processing) of the claim/expense reimbursement.

D. Major Categories of Hospitality:

Hospitality related to teaching, research and service activities can cover a variety of situations. In the charging of Hospitality expenses the Principles noted above must apply.

For the reimbursement of **Alcoholic Beverages**, except where prohibited by external funding agencies, alcohol, may be charged to the University under certain circumstances. In all cases where alcohol is to be reimbursed, prior approval of the signing authority must be obtained. Its use must be in moderation and be served and consumed in a responsible manner in accordance with both University polices including the **Alcoholic Beverages Policy** and provincial rules for the consumption of alcohol.

For regular, in-house meetings among University employees, alcohol is not permitted. For the reimbursement of alcohol for special events involving only University employees refer to Section iv below.

The following list includes a brief description of the most common categories of hospitality related to the business of the university and the applicable account object code to be charged:

1. **Hospitality / Entertainment 62402**

This category includes an occasion when a university employee, in the performance of their duties/responsibilities, invites an individual(s) external to the university (i.e. a visitor(s)) to a breakfast, lunch, dinner, event, or celebration. Examples include:

- hosting at a restaurant (including while traveling), at home, at a university facility
- tickets for social, cultural or sporting events (e.g. Gryphon athletic event)
- gifts for visitors, e.g. for someone visiting the university or to someone when visiting another university. Gifts should be tokens of appreciation of modest value.

- Volunteer or student appreciation or recognition

1. **Public Relations/Fundraising 62411**

This category includes an occasion when a university employee hosts an event that relates to the performance of their duties **and** their public relations/fundraising responsibilities. The examples cited under (i) are also appropriate for public relations/fundraising activities. Other specific examples include:

- recognition event for a major donor
- alumni receptions
- event tables

1. **Recruitment 62403**

This occurs when a university employee hosts an event that relates to recruitment of prospective faculty, staff, or students. Of the examples listed under (i), hosting at a restaurant, at home or at a university facility are typical expenditures.

Internal Meetings and Staff Events

Normally hospitality costs of University employees are not reimbursable, except in special circumstances. Such circumstances would include time limitation (extended work day), nature and sensitivity of matters to be discussed, staff recognition or working meetings either on or off campus.

Some typical types of these events are;

1. **Staff Appreciation/Recognition 62412**

Normally the costs of entertaining fellow University employees are not reimbursable. However there are unusual/special circumstances where it is appropriate to recognize employee(s) for extraordinary service or retirement including;

- when a University employee (department head, chair, or dean) hosts an event for the purpose of staff appreciation or staff recognition such as an employee's retirement
- where a gift (flowers, etc.) may be given to staff for special occasions or in sympathy, the gift is considered a token of appreciation and should be of modest value. NOTE: G*ift certificates (cards) that are given to an employee for any reason are considered to be "near cash" by CRA (Canada Revenue Agency) and therefore a taxable benefit to the employee.*

Alcoholic beverages are not permitted reimbursable expenses in these circumstances except in cases where there is demonstrated non-governmental external funding source that specifically allows alcohol as a permitted expense. Note that, University operating funds (whether funded from MTCU, OMAFRA), Ancillary or research funds cannot be used for funding alcohol for internal-only event. However, where an external sponsor has been found for an event, including the cost of alcohol and the event is for a special staff appreciation/recognition event, the costs of alcohol of event may be charged to those funds. In all cases, its use must be appropriate to the event and be served and consumed in a responsible manner.

1. **University Business Meetings 62413**

There are allowable circumstances when a meal or refreshments are served at a meeting related to university business. Generally, these are meetings at which only university employees will be in attendance but there may also

be occasions when a visitor(s) participates in these meetings in an advisory or consultative role.Such hospitality should be restricted to occasions of a formal nature such as training, planning or assessment functions. Alcohol is not a permitted reimbursable expense in this category.

The following procedures will assist University faculty and staff on the processing of Hospitality expenses.

E. Hospitality Procedures

1. **Additional Object Codes:**

With the increasing accountability requirements for hospitality-type expenses, a series of four new objective expenses codes have been created in the University's financial Chart of Accounts. (Object Codes record the type of expense that is being recorded.) In the past a single Object Code (62402) was used for all types of "hospitality "expenses. The following table lists the specified categories of hospitality (consistent with the University's Hospitality policy), and the **applicable account object code** to be charged:

Hospitality Category Identifier	Object Code
Hosp- Entertainment	62402
Hosp- Public Relations / Fund Raising	62411
Hosp- Recruitment	62403
Hosp- Staff Appreciation / Recognition	62412
Hosp- University Business Meetings	62413

1. Hospitality/Entertainment (62402)

When a University employee, in the performance of their duties/responsibilities, invites an individual(s) external to the University (i.e. a visitor(s)) to a breakfast, lunch, dinner, event, or celebration. Examples include:

- hosting at a restaurant (including while traveling), at home, at a university facility
- tickets for social, cultural or sporting events (e.g. Gryphon athletic event)
- gifts for visitors, e.g. for someone visiting the university or to someone when visiting another university. Gifts should be tokens of appreciation of modest value.

Charges for "Entertainment / Hospitality" are to be coded to Object Code 62402.

1. Public Relations/Fundraising (62411)

When a university employee hosts an event that relates to the performance of their duties **and** their public relations/fundraising responsibilities. The examples cited under "Entertainment" are also appropriate for public relations/fundraising activities. Other specific examples include:

- recognition event for a major donor
- alumni receptions
- donor reception, presentation or introduction

Charges for "Public Relations/Fundraising" are to be coded to Object Code 62411.

1. Recruitment (62403)

When a university employee hosts an event that relates to recruitment of prospective faculty, staff, or students. Hosting at a restaurant, at home or at a University facility are typical expenditures.

Charges for "Recruitment" are to be coded to account object code 62403.

1. Staff Appreciation/Recognition (62412)

When a university employee (department head, chair, or dean) hosts an event for the purpose of staff appreciation or staff recognition. Where a gift (flowers, etc.) may be given to staff for special occasions or in sympathy, the gift is considered a token of appreciation and of modest value. *Gift Certificates (or gift cards) given to an employee for any reason are considered to be "near cash" by CRA (Canada Revenue Agency) and therefore a taxable benefit. The University has a responsibility to report this as income of the recipient through Human Resources irrespective of the method by which the gift certificates are purchased or claimed. When claiming a gift card(s) on a Travel claim (or Cheque Requisition) for an employee please record the employee name(s) and amount(s) on the form and this information will be forwarded by Financial Services to Human Resources. [If using any other procurement method, departments must forward to HR the employee name(s) and amount(s) given to employees as gift certificates (cards)].*

Charges for "Staff Appreciation/Recognition" are to be coded to account code 62412.

1. University Business Meetings (62413)

Generally, these are meetings at which only university employees will be in attendance but there may also be occasions when a visitor(s) participates in these meetings in an advisory or consultative role. Such hospitality should be restricted to occasions of a formal nature where the dispersal of participants during a break period is not desirable.

Charges for "University Business Meetings" are to be coded to account code 62413.

1. **Ways to Charge Hospitality Expenses;**

There are several methods by which hospitality expenses may be charged to the University. They include;

1. ECS (Expense Claim System) form for the reimbursement of out of pocket expenses
2. Use of an internal departmental charge card issued by Hospitality Services
3. Direct charges (billing through an external service provider)

    1. **ECS- Expense Claim Form**

- Out of Pocket expenses must be submitted on an Expense Claim with all required supporting documentation.

For more information, refer to the Travel Policy at the Financial Services web page.

- Claims must be submitted within 2 months of incurring the expenditure. The claim must be accompanied by original receipts or paid invoices. Photocopies of invoices and cancelled cheques will not be accepted. Credit card slips alone are not acceptable, as they do not provide sufficient detail about the items being claimed or the applicable taxes.
- After the original receipts have been attached to the Travel / Business Reimbursement Claim form, and the form has been signed and approved, forward the form to Payment Services, University Centre, 5th Floor.
- Payment Services will only process claims that are complete. **Incomplete forms will be returned to the claimant.**
- Reimbursement will only be made to the individual who incurred the expenditures.
- For more information on submitting an expense claim – refer to the online tutorial at the Travel/Expense page on the Financial Services web page

1. Departmental Charge Cards (Hospitality Services)

- For convenience, departments may use the department card issued by Hospitality Services (for the purchase of internally provided services). Some of these services may be provided as hospitality expenses under the definitions of the University's Hospitality policy.
- In these cases the rules of documentation and object expense coding will apply.
- The appropriate account coding must be selected via the secure online services option provided at the Hospitality Services web-site.
- Users of the card for Hospitality expenses must provide receipts and document on that receipt (or in an attachment) the necessary documentation (refer to section II).
- These receipts need to be maintained on file in the department and are subject to audit upon request.

1. Direct Charges/Transfers

- Normally, hospitality expenditures are paid by the individual and then claimed as a reimbursement. Charges for hospitality expenditures may also be made directly against an appropriate fund via a supplier's invoice which can be sent to Accounts Payable
- In these cases the rules of documentation and object expense coding will apply.
- The necessary approvals and documentation must be written on the invoice (or in an attachment) and forwarded to Accounts Payable for processing in the normal manner (refer to section II).

1. **Documentation/Approvals:**

Regardless of the method supporting documentation on these expenses must include:

- Name(s) of the visitor(s) and/or the name(s) of the company or agency the visitor(s) represent(s),
- Purpose of the function,
- Name(s) of university employees and/or the name of the university committee or department, and/or the number of people in attendance at the function.
- Original receipts or paid invoices that document the expense and present proof of payment.
- Approval of the Expense: All reimbursement claims must be approved by the employee's direct supervisor. The approval rule is "one-up". Approval of the applicable form indicates that the expenditures are considered to be appropriate and reasonable. In no instance can individuals approve their own reimbursement. Hospitality expenses must be paid and claimed by the most senior University person hosting the event when other University of Guelph employees are present.

Useful Links

- Travel/Expense Link [3]

- Alcohol Policy Link [4]

Source URL:https://www.uoguelph.ca/finance/hospitality-policy-and-procedures-fi-21

Links
[1] https://www.uoguelph.ca/finance/departments-services/procurement-and-payables/travel-expense-claims [2] https://www.uoguelph.ca/finance/sites/default/files/Hospitality%20Expense%20Reimbursement%20Procedures_0.pdf [3] https://www.uoguelph.ca/finance/node/2112 [4] https://www.uoguelph.ca/finance/node/2230