



UNIVERSITY OF MASSACHUSETTS AMHERST

---

# **BUSINESS EXPENSE POLICY**

---

*Published by: Controller's Office  
April 2010*

# University of Massachusetts-Amherst Business Expense Policy

## TABLE OF CONTENTS

1.	Purpose.....	1
2.	General Policy.....	1
3.	University Functions Paid/Reimbursed with University Funds .....	1
4.	Food and Beverage Provided at Business Meetings and University Functions.....	2
	A. <i>General Policy</i> .....	2
	B. <i>Reasonable per person meal rates:</i> .....	3
	C.. <i>On Campus Catered Events</i> .....	3
5.	Purchasing or Complimentary Distribution of Event Tickets .....	3
	A. <i>General Policy</i> .....	3
	B. <i>Documentation</i> .....	3
	C. <i>On Campus Fund Raising Events</i> .....	4
	D. <i>Tickets and Donations to Non-university Charitable Events</i> .....	4
6.	Employee Non Cash Awards and Gifts.....	4
	A. <i>General Policy</i> .....	4
	B. <i>Allowable Awards and Gifts</i> .....	5
	C. <i>Limits</i> .....	6
	D. <i>Gift Certificates and Cards Guidelines</i> .....	6
7.	Prizes and Awards to Students .....	6
	A. <i>Prizes and Awards requiring Financial Aid reporting</i> .....	6
	B. <i>Other Non Cash Prizes and Awards</i> .....	7
8.	Moving, Relocation and Temporary Housing .....	7
	A. <i>Allowable Moving/Temporary Housing Expenses</i> .....	7
	B. <i>Unallowable Moving/Temporary Housing Expenses</i> .....	7
	C. <i>Reportable Payments/Reimbursements</i> .....	8
9.	Employee Professional Dues and Subscriptions.....	8
10.	Cell Phone Use.....	8
11.	Home Use and Off Campus Internet Access.....	9
12.	Alcohol Policy for University Events .....	10
13.	Approval of Expenditures .....	10
	A. <i>Account Administrator</i> .....	10
	B. <i>Supervisor</i> .....	11
	C. <i>Dean or Vice Chancellor</i> .....	11
	D. <i>Documentation</i> .....	11
	E. <i>Approval Matrix</i> .....	12

# University of Massachusetts-Amherst Business Expense Policy

## 1. Purpose

The Business Expense Policy applies to expenses incurred by a duly authorized University of Massachusetts employee or trustee conducting university business. A school or department may establish more restrictive guidelines and procedures than those covered by this policy. The policies below adhere to Board of Trustee Doc. T92-031 (Appendix C).

## 2. General Policy

- A. The Business Expense Policy is applicable to expenses regardless of funding source and must be consistently applied to State, GOF, RTF, Grant, Gift, Endowment, CEI and other funds across the campus. Certain funds may carry additional external restrictions which must be adhered to in addition to these policies.
- B. Expenses must have a clear business purpose and be directly related to the goals and mission of the University/campus.
- C. Expenses must be reasonable and appropriate under the circumstances
- D. Expenses must be fully documented and approved. (See section 13)
- E. These policies also apply to employees conducting University business while on travel status.
- F. Expenses for spouses, partners and family members are not reimbursable by the campus except for attendance at on-campus ceremonial events or events involving recruitment or fund-raising. Note the campus does not reimburse travel expenses for spouses.
- G. Department heads are responsible for compliance with this policy for their departments.

## 3. University Functions Paid/Reimbursed with University Funds

- A. See section 4.B for reasonable per person meal rates and section 6.C for per person limits on non cash awards and gifts. Institutional events require the approval through normal administrative channels and single events in excess of \$500 require prior approval by a Dean or Vice Chancellor
- B. University functions may be campus-wide or on a smaller scale including:
  - a. ceremonial and official functions
  - b. conferences/retreats/seminars (not as part of a sponsored grant/contract)
  - c. recognition/morale activities including department wide faculty/staff events occurring no more than twice a year
  - d. public relations/development/fund-raising events for the purpose of soliciting or generating the goodwill of prospective donors and alumni
  - e. business meetings
  - f. recruiting of prospective employees

## University of Massachusetts-Amherst Business Expense Policy

- g. various student events held in conjunction with student activities
- h. community engagement and research collaboration with external sponsors
- i. university sponsored meetings and conferences of an external organization

### 4. Food and Beverage Provided at Business Meetings and University Functions

#### A. General Policy

The University may pay for or reimburse expenses for meals or light refreshments provided in connection with business meetings and other university functions involving University employees conducting official University business under the following guidelines:

1. One-on-One business meals are prohibited between two employees of the university. This rule applies to employees on travel as well.
2. Meals (breakfast, lunch and dinner) should not be provided at regular business meetings attended only by University employees unless held during meal times in order to accommodate an extended agenda or where participants could not meet during regular business hours. Meals should not be served more than once a month to the same group of participants.
3. Meals should not be provided as a matter of personal convenience and must be reasonable and appropriate to the purpose and nature of the event
4. University employees in travel status may be reimbursed for the actual cost of a meal while conducting a business meeting as defined above. An individual's meals while traveling are otherwise reimbursed according to the per diem rate in the travel policy. See Travel Policy at <http://www.umass.edu/aco/ss/travel/manual/index.htm>
5. Meals or functions that involve alcohol must be in conformance with the alcohol policy in Section 12.
6. Light refreshments (pastries, snacks, refreshments etc.) may be paid for or reimbursed when participants from more than one department and location attend regular meetings occurring no more than twice per month.
7. University funds may not be used for occasions such as employee birthdays, weddings, baby showers, anniversaries, holidays or other occasions of a personal nature.

## University of Massachusetts-Amherst Business Expense Policy

### B. Reasonable per person meal rates:

Meal Provided	Reasonable per person meal rates for meetings and university functions	Meals include costs of food and beverage, service, catering, tips. Light refreshments include coffee, soda and other non-alcoholic beverages and pastries, cookies, fruit, snacks etc.  The Controller's Office may request additional documentation and approval where reasonable rates are exceeded.
Restaurants		
Breakfast	\$22.50	
Lunch	\$37.50	
Dinner	\$60.00	
Catered Events		
Light Refreshments	\$22.50	
Meal	\$26.00	

### C. On Campus Catered Events

All catered events sponsored by a campus entity are required to contact UMass Catering for catering services. When alcohol will be served, the event must also adhere to the University's alcohol serving policies. In extenuating circumstances, when UMass Catering is unable to provide the service requested by a department, a waiver is required from the University's Department of Environmental Health and Safety. The catering department will assist in getting this waiver. Private vendors operating food carts, concessions, catering and other food service operations are prohibited from operating on campus. The purpose of this policy is to ensure compliance with applicable state health and safety standards regarding the preparation and serving of food and to provide the campus with reasonable controls to ensure services meet standards which preclude issues of campus liability.

## 5. Purchasing or Complimentary Distribution of Event Tickets

### A. General Policy

The University may provide or pay for a ticket to a sporting, theatrical, or musical event to a prospective donor or employee in connection with the conduct of official University business. The original documentation, including the information below is required to clarify the University business purpose and must be approved by the employee's supervisor. The Event Ticket Use report ([http://www.umass.edu/aco/forms/Event\\_Tickets\\_Use\\_Report.doc](http://www.umass.edu/aco/forms/Event_Tickets_Use_Report.doc)) may be used document the required information below.

Expenses for spouses, partners and family require written documentation of University business purpose and dean or vice chancellor approval.

### B. Documentation

The following information will be recorded for tickets distributed for each event:

- Employee incurring the expense
- Number of tickets
- Description of event
- Date of the event
- Cost of the tickets

## **University of Massachusetts-Amherst Business Expense Policy**

For each ticket distributed for University business purposes, the name and business relationship to the University needs to be listed. Examples of the individuals with a business relationship with the University include:

- Alumni Board Member or Volunteer
- Current or Prospective Donors
- Research or Industry Liaisons (Include name of company)
- Student or Employee Recruitment
- Civic Leader or other officials
- Event Participant's family member

### **C. On Campus Fund Raising Events**

Employees attending a fundraising event sponsored by a campus unit, department or program for a legitimate business purpose, as approved by his/her supervisor and the sponsoring campus unit, may use university funds or receive complimentary admission for the portion of the ticket price that includes the actual cost of the event. University funds should not be used for any portion of the ticket price that includes a charitable contribution and sponsoring campus units should not expect that a charitable contribution would be made by an employee approved to attend for legitimate university business purpose. The campus will not purchase or reimburse an employee for the cost of attendance if the attendance is a matter of personal choice. The required supporting documentation needs to be completed for tickets purchased and kept on file for three years.

### **D. Tickets and Donations to Non-university Charitable Events**

If a nonprofit community or charitable fundraising event includes a cash donation as part of the meal or registration fee, additional documentation must be furnished by the employee to substantiate the business expense. The cost of a contribution must be reasonable in relation to the actual or expected benefits.

University policy does not permit contributions in connection with any event sponsored by an organization associated either directly or indirectly with a political party, campaign, candidate, or group engaged in an attempt to influence legislation, elections, referenda, or similar activities.

Contributions and gifts given to an external organization by the University must be approved by the Chancellor, Vice Chancellor or their designee. Written approval will accompany any documentation for such expenditures.

## **6. Employee Non Cash Awards and Gifts**

### **A. General Policy**

1. Non-cash gifts or awards to employees may be paid for by the university for the events listed below and are subject to the limits in Section 6C below.
2. Gifts may not be provided as personal gratitude or in lieu of compensation and must conform to the Internal Revenue Service (IRS) regulations to be excludable from an employee's gross income.

## **University of Massachusetts-Amherst Business Expense Policy**

3. Gifts or Awards should be infrequent and generally not awarded to an employee more than once per year.
4. University funds may not be used for occasions such as employee birthdays, weddings, baby showers, anniversaries, or other occasions of a personal nature.

### **B. Allowable Awards and Gifts**

#### **1. Employee Recognition and Length of Service Awards**

- a. Employee recognition and length of service awards must be provided within an established recognition program approved by the Dean or Vice Chancellor. Generally, the length of service period begins after 20 years of service and should not be less than a 5 year interval. Awards must be presented to employees based on objective criteria as part of a ceremonial event held at the departmental level.
- b. A non-cash award may be presented to an employee in recognition of outstanding work-related accomplishments. Such awards should be of minimal value such as books, a plaque, a ticket to a sporting or cultural event (excluding a season ticket) or a parking permit.

#### **2. Retirement**

- a. A non-cash gift may be presented to an employee upon retirement from the university. The item must be commensurate with the nature and value of the employee's contribution to the University and is subject to the per-person limit included in section C below.
- b. Individuals attending a retirement function may contribute to the cost of the event and the gift. The Controller's Office will permit the establishment of an agency account to facilitate the collection of participant receipts and gift/event purchases.

#### **3. Sympathy/Memorials/Extended Illness**

- a. Gifts of tangible personal property, such as flowers, may be presented as an expression of sympathy in the event of the death or major illness of an employee or a member of the employee's family as defined in the bereavement policy. The cost of such gifts is limited to the amount specified in Section 6C below.
- b. In lieu of flowers a cash contribution of a comparable amount may be made to a charitable organization in memory of the deceased. Contributions may not be made to any political campaign, political party, committee, or group engaged in any attempt to influence the general public with respect to legislative matters, elections, or referendums. The cost of such gifts is limited to the amount specified in Section 6C below.

## University of Massachusetts-Amherst Business Expense Policy

### 4. Door Prizes & Raffles

- a. Occasionally, departments may hold raffles for door prizes and other gifts to entice employee participation in an event. The cost of such prizes is limited to the amount specified in Section 6C below.

### C. Limits

The following table includes the per-person limits for the awards and gifts allowable under this policy. Dean or Vice Chancellor approval with explanation forwarded to the Controller's Office is required to exceed the limits below.

Type Of Non Cash Award/Gift/Prize	Annual Per-Person Limits
Employee Recognition	\$100
Length of Service	\$100
Retirement	\$400
Sympathy Gift - Tangible Personal Property	\$100
Sympathy Gift - Cash Contributions in lieu of flowers	\$100
Door Prizes and Raffles	\$250

### D. Gift Certificates and Cards Guidelines

Only gift certificates and gift cards that can not be converted to cash (i.e., stored-value bank, department store, and other retail cards) qualify as non-cash awards. Such gift certificates and cards must confer only the right to receive tangible personal property. Under these rules, a gift certificate or card will qualify as tangible personal property if it is:

- Printed with the recipient's name,
- Not transferable, and
- Cannot be redeemed for cash or used to reduce the balance due on the recipient's account with the merchant.

If a gift card cannot be inscribed with the recipient's name, the department should inform the employee that the card should not be transferred to another employee.

## 7. Prizes and Awards to Students

Prizes and awards to students are generally permitted as described below. Scholarships need to be processed by Financial Aid. Following are the parameters under which prizes and awards other than scholarships may be given:

### A. Prizes and Awards requiring Financial Aid reporting

1. Cash
2. Non cash items to assist with education (laptops, lab supplies textbooks, etc.)
3. Gift Certificates given:
  - a. to assist with educational expenses
  - b. in recognition of educational achievements

## University of Massachusetts-Amherst Business Expense Policy

### B. Other Non Cash Prizes and Awards

Other non cash prizes and awards that are not educational in nature (laptops, lab supplies textbooks, etc.) must conform to section 6.B.4 above.

## 8. Moving, Relocation and Temporary Housing

This policy is intended to aid in recruiting and relocating exceptional candidates for critical University positions. The reimbursement or payment of moving expenses and temporary housing expenses for faculty and staff members from department current expenditure funds may be authorized to the extent that such funds are available, when the administrative head of the employing department deems this expenditure is necessary and it is approved in advance by the appropriate Vice Chancellor. Additional approval by the Principal Investigator is required when appointee's expenses are to be paid from a Grant or Contract. All such reimbursements/payments shall be made in accordance with procedures outlined in the Procurement Manual.

### A. Allowable Moving/Temporary Housing Expenses

#### 1. Packaging/Storage/Shipping

Moving expenses are the costs of packing, shipping and storage of household goods (personal effects and property) and the reasonable expense for moving an automobile. The MHEC Interstate Moving Contract must be used for contracting with movers for payments made directly to a company. Employees may be reimbursed for use of a non-contract vendor if a lower cost alternative is demonstrated. A University purchase order must indicate the dollar limit of reimbursement. Any costs incurred in excess of the amount indicated are the responsibility of the employee.

#### 2. Transportation

Relocation expenses are the costs of travel for the faculty or staff member and family enroute to the position assigned, including transportation, food and lodging; travel necessary to secure living quarters.

#### 3. Instructional and Research Materials

Reimbursement may be permitted for the moving of instructional and research materials in addition to the personal household goods outlined above when approved as part of the employee agreement.

#### 4. Rental Trucks/Trailers

Reimbursement for the use of rental trucks or trailers may be authorized if complete documentation is presented that includes receipts for gasoline purchases and truck rental. Reimbursement will be made for the hiring of assistance to help with loading or unloading of household goods when this is the least expensive method.

### B. Unallowable Moving/Temporary Housing Expenses

The following expenses should never be paid/reimbursed:

- moving animals (household pets can be paid/reimbursed)
- non household goods
- cost of connecting or disconnecting appliances or utilities.

## University of Massachusetts-Amherst Business Expense Policy

### C. Reportable Payments/Reimbursements

The University is required to report payments to or on behalf of an employee for moving household goods or related expenses to the Internal Revenue Service and Massachusetts Department of Revenue.

Generally, the cost of transporting the employee, their family, household goods and personal effects is excluded from federal wages if the IRS distance test is met where the new job is at least 50 miles farther from the former home than the old job location was from the former home. Such costs are reportable and should be included in either Section I A or B of the Moving Expense Tax Form.

See: <http://www.umass.edu/aco/ap/apmoveforms.htm>

Other reimbursements such as temporary living quarters, house hunting, cost of selling or buying a new residence, breaking a lease, meals consumed while traveling are reported as federal wages on the employee's W-2. These expenses should be included in section C of the Moving Expense Tax form. For Massachusetts tax purposes, all moving expense reimbursements are included on the W-2. The faculty or staff member receiving the reimbursement should be advised to contact their tax consultant to determine which portion, if any, of the moving expense reimbursements are taxable.

### 9. Employee Professional Dues and Subscriptions

The university may pay for employee membership dues to professional organizations and subscriptions to professional journals or newspapers if they are appropriate for the individual's position and duties and if the membership or subscription benefits the university.

- Life memberships in a professional organization may be purchased, at the discretion of the dean/vice chancellor, if it is anticipated that the overall cost will be less than the cost of annual memberships over the employee's anticipated tenure at the university
- Departmental coordination of subscriptions is encouraged to avoid duplication.
- Dues and subscriptions should be in the name of the university to the extent possible and delivered to a university address.
- Union dues will not be paid by the university.

Memberships and subscriptions are not generally allowable as direct costs on a sponsored project. However, under certain unusual circumstances, membership dues and/or subscriptions may be allowable on a project. Faculty and staff should contact their Grant Accountant before attempting to charge these expenditures to a sponsored project.

### 10. Cell Phone Use

To comply with IRS standards the University has developed this policy for employer provided benefits including cell phones and other communication devices (Treas, Blackberry et al). Departments are responsible for the completion of the Cell Phone or Other Communication Device Agreement and for forwarding the

## University of Massachusetts-Amherst Business Expense Policy

signed, completed agreement to Human Resources, 325 Whitmore for every department employee who has a university-issued device. The form can be found on the controller's office webpage at <http://www.umass.edu/aco/> In approving the issuance of an employer-provided cell phone, Deans, Directors or Department Heads must indicate the business reason for providing the communication device in the appropriate section of the Cell Phone or Other Communication Device Agreement. In general, business reasons require that the employee be readily accessible for frequent or emergency job-related contact and the employee's access to regular land lines does not sufficiently or regularly provide for such contact.

A monthly adjustment will be recorded as W-2 wages for the cost of university-provided cellular phone and service, regardless of how much business versus personal minutes are used per month. The adjustment posted to W-2 gross earnings will be based on the actual cost of the monthly service plan and be taxed as income. The amount posted to the employee's W-2 will be reviewed annually so as to accurately reflect the current phone service costs.

**Note:** Assuming an average cell phone cost per month of \$40 and tax rate of 30%, the effective cost to the employee for avoiding the itemization process will be approximately \$12 per month.

### Exceptions:

1. Devices not associated with an individual employee but rotated among employees for departmental purposes and restricted for University business are not reportable.
2. Employees who are issued a university cell phone or other communication device have the option of electing a business use only exclusion which will eliminate paying personal taxes on the value of the cell phone and plan. To meet this exclusion, the following criteria must be met:
  - a. The cell phone plan must provide a monthly statement of itemized calls to be submitted monthly to the employee's supervisor and subject to review by the controller's office.
  - b. The employee must certify on the affidavit below that the phone will be used exclusively for business purposes.
  - c. Employees may be required to convert the phone to a campus based shared minutes plan.

Failure to follow these criteria will result in the value of the plan being taxable to the employee. Employees who wish to elect this option should complete and sign the attached Business Use Only Exclusion Affidavit which can be found at <http://www.umass.edu/aco/> and forward the signed form to Human Resources

## 11. Home Use Internet Access

High speed internet access is increasingly common in many homes and the cost is normally borne by the employee. In addition, the need to access email and other work related information or functions from home does not warrant payment by the

## University of Massachusetts-Amherst Business Expense Policy

university for home internet access. In exceptional circumstances, home internet access may be reimbursed by the university and generally will be limited to computer support professionals responsible for maintaining critical IT servers and information outside of normal job hours. Reimbursements will be limited to actual cost not to exceed the basic monthly high speed internet access rates in a particular area. Installation, equipment, connection and termination fees will not be reimbursed by the university.

Consistent with the *Cell Phone or Other Communication Device Agreement*, tracking of personal use of a home internet service is impractical and payments for approved reimbursements will be considered taxable income to the employee. Request for home internet reimbursement must be made via the request form available at <http://www.umass.edu/aco/> and must be approved by the Dean or Vice Chancellor.

### 12. Alcohol Policy for University Events

The Board of Trustee Business Expense Policy states “purchase of alcoholic beverages is highly discouraged due to the expense and the potential liability involved. However, when written authorization is obtained prior to the event, purchase may be made through Food Services or their approved substitute.”

The Amherst campus has designated the Chancellor, Vice Chancellors and Deans with approval authority for purchases of alcohol at university events. Events that include alcohol must conform to the Alcohol Beverage Policy contained at [www.umass.edu/dean\\_students/codeofconduct/alcoholpolicy/](http://www.umass.edu/dean_students/codeofconduct/alcoholpolicy/) which prohibits the serving of alcohol to individuals under the legal drinking age and requires that food and alternate beverages be provided at the event.

Alcohol served at any event held on campus must be purchased and served by Auxiliary Services or their approved substitute.

Alcohol served at off campus events sponsored by the University must be served by an insured, licensed vendor. The appropriate method of payment for alcoholic beverages for an event is a purchase order recorded on account code 734290. The supporting documentation must include proof that the vendor is licensed to serve alcohol.

Alcohol consumed at a business meal must be reasonable (generally not to exceed 25% of the total bill) and be served in conjunction with a meal.

The purchase of alcoholic beverages is not allowed on any federal and state grants or contracts.

### 13. Approval of Expenditures

#### A. Account Administrator

An Account Administrator is an employee given authority delegated through administrative channels by the Board of Trustees to authorize payments on behalf of the University. The Account Administrator for a specific account(s) is

## **University of Massachusetts-Amherst Business Expense Policy**

listed as the Manager on the Dept ID for the account on the finance system. An Account Administrator may choose to delegate their responsibility to authorize transactions. The approval of the Account Administrator indicates the following:

- Expenses are an allowable charge to the funding source.
- Expenses are reasonable and appropriate under the circumstances and in moderation and good taste.
- Funds are available.
- Expenses meet all the requirements of the Business Expense Policy.

### **B. Supervisor**

The approval of the supervisor indicates that:

- expenditures are necessary,
- have a clear business purpose and
- expenses are directly related to the goals and mission of the University/campus.

**Note:** Supervisor approval cannot be delegated. In the absence of the immediate supervisor, approval can be achieved through the next higher level of supervision.

### **C. Dean or Vice Chancellor**

Please refer to the Approval Matrix (page 12) to determine expenses that require a Dean or Vice Chancellor's signature.

### **D. Documentation**

Business entertainment expenses will not require prior approval except for an event described in Section 3(A) above, however a business expense form itemizing the cost and purpose of such activity will be made available for and approved by the next level administrative staff member prior to payment.

All expenditures must be accompanied by an original receipt and documentation including all the following

- The date, location and description of the expenditure.
- The name(s), title, organization affiliation and business relationship of the person(s) in attendance.
- Business purpose for incurring the expense.
- Approval of the expenditure through administrative channels noted above.

## University of Massachusetts-Amherst Business Expense Policy

### E. Approval Matrix

Activity	Account Admin	Supervisor	Dean or VC
<b>UNIVERSITY FUNCTIONS</b>			
Meals or light refreshments provided in connection with business meetings	X	X	
Business meetings in held in excess of the allowed frequency.	X	X	X
University Functions in excess of \$500 per event.	X	X	X
<b>FUND-RAISING &amp; DISTRIBUTION OF EVENT TICKETS</b>			
Entertainment of prospective donors.	X	X	
Fund-raising events in excess of \$500 per event.	X	X	X
Tickets to an event in connection with University business.	X	X	
Spouse/partner of a University guest or employee invited to a fund-raising event.	X	X	
Contributions in association with civic event or registration.	X	X	X
<b>CELL PHONE USE</b>	X	X	
<b>HOME INTERNET ACCESS</b>			X
<b>ALCOHOL AT UNIVERSITY EVENTS</b>	X	X	X
<b>RETIREMENT &amp; RECOGNITION AWARDS</b>			
Employee Recognition / Length of Service	X	X	
Retirement	X	X	
<b>SYMPATHY/MEMORIALS/EXTENDED ILLNESS</b>			
Amount in excess of limits	X	X	X
<b>PRIZES</b>			
Prizes in excess of limits	X	X	X