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## ENTERTAINMENT AND OFFICIAL FUNCTIONS

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### A. Purpose

The purpose of this policy is to establish rules governing the appropriate use of university funds for official functions, business meetings, and entertainment.

### B. Persons Affected

This policy applies to all employees of The University of Texas Rio Grande Valley (UTRGV), regardless of status.

### C. Policy

UTRGV employees owe a responsibility to the people of the State of Texas to exercise good stewardship in reviewing, approving, or seeking reimbursements for expenditures for official functions, business meetings, and entertainment. All expenditures for official functions, business meetings, and entertainment must be appropriate and reasonable, with the business purpose clearly documented prior to any reimbursement or payment.

This policy is intended to comply with the tax regulations and guidance set forth by the Internal Revenue Service (IRS) (see IRS Publication 463 for more information). In the event that the IRS regulations change or there is a discrepancy between this policy and IRS regulations, any regulations set forth by the IRS that are more restrictive than this policy will prevail.

#### 1. *Funding Sources:*

UTRGV employees must use appropriate funding sources as defined in the [UTRGV Chart of Accounts Structure](#) for all expenditures for official functions, business meetings, and entertainment.

##### a. Appropriated (State) Funds:

According to the Texas Constitution and the General Appropriations Act, appropriated (state) funds cannot be used for expenditures for official functions, business meetings, or entertainment.

##### b. Sponsored Projects:

Costs of entertainment, including amusement, diversion, and social activities and any associated costs are unallowable, except where specific costs that might otherwise be considered entertainment have a programmatic purpose and are authorized either in the approved budget for the federal award or with prior written approval of the federal

awarding agency.

c. Institutional (Local) Funds:

Institutional funds may only be used for expenditures for official functions, business meetings, and entertainment if such expenditure enables UTRGV to carry out its educational mission and serves to promote higher education in the State of Texas; however, such expenditures must be appropriate and reasonable. Institutional funds may be used for such expenditures only when not otherwise restricted from such purposes. Funds generated by student service fees, unless otherwise allowed, cannot be used for these expenditures with the exception of accounts funded by designated tuition.

d. Gift and Endowment Distribution Funds Restricted Non-Sponsored:

Gift and endowment distribution funds may be used for expenditures for official functions, business meetings, and entertainment only as specifically authorized in the terms of the gift and endowment agreement. Gift and endowment distribution funds are allowed to be used for expenditures for official functions, business meetings, or entertainment; however, such expenditures must be appropriate and reasonable. Care must be taken to assure that the use of gift and endowment distribution funds does not violate the donor's restrictions, if any, and the donor's intent.

2. *Allowed Expenses:*

Entertainment:

- a. Maximum rates per-person expenditure amount, referenced in the [Expense Resource Guide](#), includes the cost of the food and beverages including alcoholic beverages, labor, sales tax (if applicable), gratuities\*, delivery charges, and other service fees. If a reception before a meal includes beverages and hors d'oeuvres, the combined charges for the reception and the meal should be treated as a single event for purposes of calculating per person costs. The costs of room rental, room setup fees, media rental, and decorations, etc., are not included in the per-person costs above unless those costs cannot be separated by the vendor.

\*Gratuities are included in the maximum per-person expenditure limits. Gratuities will be limited to 18% of the cost of the meal and other charges detailed in the Expense Resource Guide. If mandatory gratuities applied by the vendor are greater than 18%, then the vendor's gratuity rate will be allowed.

Reimbursements of taxes paid on restaurant charges for meals is allowed.

In the State of Texas, a tax-exempt certificate should be provided to a vendor for all purchases of goods/services.

- b. Club memberships are limited to executive officers and require advance approval of the President or designee. Specific procedures for club membership reimbursements are provided directly to those executive officers who hold memberships.
- c. Meals provided to a spouse/partner, family member, or other person accompanying a UTRGV employee will be permitted only when there is a substantial and bona fide business reason for that person's attendance.

To constitute a bona fide business purpose, the presence of the spouse/partner or family member must be essential, not just beneficial, to the employee being able to carry out his/her business purpose for UTRGV. The spouse's/partner's or family member's performance of incidental services of a social or clerical nature does not make it a bona fide business expense. The spouse/partner must perform substantive business-related functions.

The following roles and situations can be considered a bona fide business purpose:

- i. Required attendance at business meetings;
  - ii. Presentation at business meetings;
  - iii. Officially hosting a UTRGV event if the host function includes the planning of the event and where attendance is required because the spouse is responsible for certain logistics of the event;
  - iv. The primary purpose of the spouse's attendance is to serve in UTRGV business and the spouse spends more time on business activities than on personal activities on the trip;
  - v. The presence of the spouse is essential to the function.
- d. The sale and service of alcohol will be permitted only when the funding source is not otherwise restricted from such purpose and within reasonable amounts/limits. With written approval from the President or designee, only the following sources of funds may be used to purchase alcoholic beverages per state law and UTRGV policy [ADM 10-103 Alcoholic Beverages](#):

- i. Gift funds, designated funds or auxiliary funds, with the exception of student service fees and funds under the control of intercollegiate athletics.
- ii. Funds collected as registration fees from participants to purchase alcoholic beverages to be served as part of the event.

Official Functions:

- a. Reasonable expenditures for departments to honor the service of long-term employees upon their retirement are allowable with institutional funds.
- b. Each division is allowed one annual party/appreciation event. Spouses/partners may be allowed at the annual event at the discretion of the appropriate vice president. No additional external guests may be present.
- c. Holiday greeting cards may be sent each year from the President's Office to UTRGV employees and friends of UTRGV. In the event that a department or office chooses to send holiday greeting cards to customers and constituents unique to that office, such cards must be issued in the name of the department or office. Departmental holiday cards sent to other offices within UTRGV would be considered a personal event and would not be reimbursable.
- d. Expenses for coffee, tea, bottled water, and related supplies used in departments may be purchased for the consumption of departmental visitors and employees only with local accounts.
- e. Flowers may be purchased for memorial services or extended illnesses of an employee; an employee's spouse, child, or parent; or a retiree, and must be sent in the name of the department or office. Cost for flowers may not exceed \$125, including taxes and delivery fees. Flowers may be paid by reimbursement to the purchaser or by direct payment to the florist. Departments should collaborate with other UTRGV units to minimize the duplication of sending flowers to a single recipient (i.e., four departments sending congratulatory flowers, or sending multiple arrangements for funerals). Flowers for decorative purposes may not be reimbursed or expensed unless purchased as a part of an official UTRGV business event.

3. *Non-allowable Expenses:*

- a. Reimbursement of employee meals will not be allowed when two or more employees choose to have a meal together or conduct business as an incidental part of the meal. At

least one non-UTRGV employee must be present at any business meeting as an attendee. For example, a luncheon with a prospective employee would qualify, but a luncheon between two current employees would not.

- b. No funds generated by contracts or grants may be used to purchase alcoholic beverages.
- c. Expenses incurred for tobacco products are not reimbursable under any circumstances.
- d. Reimbursement of expenses for staff meetings that do not meet the definition or requirement of a business meeting, employee birthday celebrations, wedding showers, baby showers, administrative assistant days, anniversaries, farewell gatherings (other than retirement), and other similar events are considered personal expenses and are not allowable.
- e. UTRGV funds may not be used for a retirement gift that would be taxable to the recipient as per IRS Guidelines. This includes a gift of cash, a cash equivalent, a gift card or certificate, bonds, and securities.
- f. Purchases and reimbursement for employee recognition.
- g. Expenses that are lavish, extravagant, or do not represent good stewardship are not reimbursable under any circumstances.

4. *Exceptions:*

Any reimbursements or expenditures that do not comply with this policy, regardless of funding source, must have written approval from the appropriate vice president.

**D. Procedures**

Please see [Expense Resource Guide](#).

**E. Definitions**

1. *Appropriate and Reasonable* - Expenditures that are cost effective, efficient, within budget authority, and have a clearly stated business purpose supporting the mission and purpose of UTRGV. Whether an expense is appropriate and reasonable depends on many factors, but departmental and UTRGV budgets, compliance with applicable policies and laws, the fiscal responsibilities associated with being a public institution, and transparency to taxpayers, donors, and the media should be considered.

2. Business Meetings - Meetings at which there is active discussion or decision-making in connection with a clear, specific, and identified business purpose related to the mission and purpose of UTRGV.
3. Entertainment - Any activity considered to provide entertainment, amusement, or recreation (e.g., meals, recreational, social, sporting, theatrical, or musical events, etc.) involving guests external to UTRGV or the UT System that occurs to support a future benefit to the mission and purpose of UTRGV. For example, activities related to faculty/staff recruitment or for cultivating potential donors or other business relationship are types of entertainment.
4. Expenditures for Official Functions, Business Meetings, and Entertainment - Expenditures incurred in connection with official functions, business meetings, and entertainment that are primarily in support of the mission and purpose of UTRGV.
5. Good Stewardship - Employees of UTRGV are expected to make good decisions about the use of UTRGV funds in good faith, with UTRGV's best interest in mind, and using common sense and best judgement.
6. Official Functions - Established events held for the purpose of achieving or advancing the mission and purpose of UTRGV. Generally, official functions include recognized events for the purpose of institutional enhancement such as institutional receptions, retreats, training events, student events, and annual galas.

**F. Related Statutes or Regulations, Rules, Policies, or Standards**

[University of Texas System Board of Regents' Rules and Regulations](#)

[Internal Revenue Service \(IRS Publication 463\)](#)

[U.S. General Services Administration \(GSA\)](#)

Texas General Appropriation Act

**G. Dates Reviewed or Amended**

February 6, 2020 - Reviewed and Amended with Non-Significant Changes