



Ohio Administrative Code

Rule 3342-7-02.5 Administrative policy regarding business meals and hospitality expenses payable or reimbursable from university funds.

Effective: March 1, 2015

(A) Purpose. This policy establishes the conditions for the expenditure of and/or reimbursement from Kent state university funds for business meals and hospitality expenses. As a major public institution funded by state allocations and student tuition, Kent state university is held to a high level of accountability for its business practices. Numerous constituencies have an interest in how the university spends its money. Accordingly, every reasonable effort must be made to ensure that funds are used in a responsible and appropriate manner. The judgment of a prudent reasonable person shall rule in the stewardship of university funds. In cases that are questionable, advance confirmation shall be sought.

(B) Definitions.

(1) Business meals and hospitality expenses. This is the cost of food, non-alcoholic beverages, entertainment, and incidentals associated with providing business accommodation or hospitality in the conduct of university business for the promotion or advancement of the university mission.

(2) Business meal. This is a properly documented meal occurring during a meeting where the primary purpose is to conduct university business or promote or advance the mission of the university. At least one non-KSU employee directly related to the purpose of the meeting shall be present in order for the meal to be university-funded.

(3) Contractor. This is an organization or individual having a contractual relationship with the university to provide goods or services in exchange for monetary compensation, but not classified as an employee.

(4) Hospitality. This is an event for the purpose of reception and entertainment of visitors and guests of the university.

(5) Formal employee-only meetings. These are meetings that are not regularly recurring and include



employees across more than one department within or between colleges or administrative units and for which there is a documented business purpose such as a written agenda.

(6) Executive officers. The president, all vice presidents, and the athletic director.

(C) Scope/criteria.

(1) Scope.

(a) All employees and contractors of the university are subject to this policy.

(b) Sponsored programs.

(i) Business meals or hospitality expenditures are not permissible on sponsored programs unless specifically authorized as part of the grant or contract.

(ii) In cases of sponsored programs, the terms of the grant or contract may be more restrictive than the university's policy and those terms shall govern.

(iii) In cases where the limitations imposed by the grant or contract are less restrictive, the university's policy shall apply.

(iv) Federal grant funds may not be used for entertainment costs, including amusement, diversion, and social activities, which are unallowable under office of management and budget (OMB) circular A-21.

(2) Criteria.

(a) Expenses for business meals and hospitality are eligible for university payment or reimbursement only if the related activity meets all of the following criteria:

(i) Documented university business purpose or promotion or advancement of the university mission.



(ii) University receives a benefit such as goodwill of guests, enhanced communication, or increased productivity which is based on the judgment of the executive officer approving the expenditure.

(iii) Expenditure must be reasonable and properly documented for food, non-alcoholic beverage, entertainment, or related incidentals as described in paragraph (D)(1)(g) of this rule.

(b) The following are examples of authorized business meals or hospitality purposes:

(i) To establish and maintain effective external communications and relationships for the benefit of the university.

(ii) To assist business operations by utilizing early morning, noontime, and evening hours for work activity with university personnel and external clientele or prospective employees of the university, thus expanding the available working hours for such purposes.

(iii) To enhance university facilities as appropriate with food, non-alcoholic beverages, and decorations for organized events of the university, such as conferences and academic ceremonies, at which friends and clientele of the university are invited guests.

(iv) To provide appropriate food service for formal employee-only meetings as defined in paragraph (B)(5) of this rule and student functions in university facilities particularly when employees or students are present during normal mealtimes or participating outside of their normal work hours.

(v) Complimentary tickets or admissions to university events authorized and documented by the executive officer of the division sponsoring the event for circumstances that require the recipient to be present to further the mission of the university. In such cases, the sponsoring executive will be responsible for maintaining documentation and substantiating the business purpose of providing the complementary admission. Documentation shall include time, date, place, business purpose, attendees at the event, and affiliation of attendees.

(vi) Food and non-alcoholic beverages for official gatherings for the benefit of students at the program, college, or university level. Expense shall be limited to a reasonable cost not to exceed five dollars per person.



(vii) Food and non-alcoholic beverages for a gathering to recognize a university-acknowledged work related achievement of a faculty or staff member. Expense shall be limited to a reasonable cost not to exceed five dollars per person.

(viii) Food and non-alcoholic beverages for a gathering to recognize the retirement of an employee with 10 or more years of service with the university. Expense shall be limited to a reasonable cost not to exceed five dollars per person.

(c) The following are examples of business meals or hospitality purposes where use of university funds is not authorized, except as approved in advance by the appropriate executive officer. If an exception is granted, a completed policy exception pre-approval form shall be maintained with the documentation for reimbursed expenses or interdepartmental charge (IDC) or attached to the request for direct vendor payment as indicated on the form:

(i) Entertainment of colleagues within the university, or spouses or personal acquaintances, except where such persons are inseparably intermingled with official guests at events that meet the criteria listed in paragraph (C)(2)(a) of this rule.

(ii) Hospitality provided in personal residences of employees.

(iii) Tickets for university events for employees or their family members purchased using university funds except where such persons are inseparably intermingled with official guests at the event.

(iv) Memberships in social clubs.

(v) Food or beverages provided in the workplace for employees except as specifically allowed under paragraph (C)(2)(b) of this rule. Non-alcoholic beverages provided for guests to the office are permissible.

(vi) Office parties, decorations, and paper products used by office staff for consumption of food or beverages.



(D) Procedure.

(1) Reimbursements, interdepartmental charges (IDC), or direct vendor payments. (All hospitality and business meals expenses require approval by an executive officer as defined for the purposes of this policy in paragraph (B)(6) of this rule.)

(a) Reimbursement of expenses, IDC, and/or direct vendor payments will be made only for expenses that are consistent with this policy and are reasonable, necessary, prudent, and appropriate for the occasion as well as consistent with the mission of the university.

(b) For events not otherwise enumerated within this policy, expenditures in excess of fifty dollars per person or five thousand dollars per event require written pre-approval by the supervising executive officer. A completed policy exception pre-approval form shall be maintained with the documentation for reimbursed expenses or IDC or attached to the request for direct vendor payment as indicated on the form.

(c) The only university payment methods allowed for business meals and hospitality expenses are expense reimbursement, direct vendor payments, and IDC for internal transactions.

(d) Business meals and hospitality expenses are the individuals personal responsibility and are reimbursed, if allowable, after approval by the supervising executive officer. Direct payment or IDC for business meals and hospitality expenses as invoiced by vendors or contractors, including KSU departments, are subject to the same limitations, documentation requirements, and approvals as reimbursed expenditures. In the case of IDCs it is the responsibility of the department making the expenditure to maintain the appropriate documentation, including written executive officer approval, with record of the IDC.

(e) Using university funds for the costs of alcoholic beverages will not be authorized.

(f) Where applicable and appropriate tips and gratuities may be allowed, but shall not exceed fifteen per cent unless a higher gratuity is imposed by the provider.

(g) Proper documentation includes an original itemized receipt that shall be required at all times. No



reimbursement will be made for a non-itemized or missing receipt unless accompanied by a statement of expenses that has been approved by the supervising executive officer. The statement of expenses shall be accompanied by proof of payment such as a credit card statement. If an original receipt is not available, the use of a copy or fax will require approval by the supervising executive officer that shall be noted on the receipt copy. In addition to an itemized receipt, internal revenue service rules on substantiation of business expenses (IRS publication 463) require documentation of the time, date, place, business purpose, attendees at the event, and affiliation of attendees. The documentation requirements apply to all on-campus and off-campus events, regardless of payment method.

(h) The university will not provide reimbursement for expenses that lack proper documentation or a clear business purpose.

(i) All transactions are subject to appropriate review by the Kent state university internal audit office, the universitys external auditors, and other reviewing agencies in order to test for compliance with university policies and procedures; federal, state and local laws; and regulations and constraints imposed by agencies and donors.

(j) In the event that a request for reimbursement, IDC, or direct vendor invoice is not compliant with policy, the request shall not be processed. In cases where non-compliance to policy is identified after request has been processed, the terms of paragraph (E)(2)(a) of this rule shall apply.

(E) Appeals/violations.

(1) Appeals.

(a) Exceptions to this policy will be made only with advance written approval by the supervising executive officer. Exceptions granted to executive officers shall be approved by the president. Exceptions granted to the president shall be approved by the vice president for finance and administration. A completed policy exception pre-approval form must be maintained with the request for reimbursement or IDC or attached to the request for vendor payment as part of the required documentation. Exceptions shall be granted on a case-by-case basis and only under extraordinary circumstances and in no case constitute precedence.



(b) Inquiries regarding this policy or specific issues not covered in this policy shall be directed to the office of the vice president for finance and administration for clarification and resolution.

(2) Violations.

Violations of this policy will result in the individual being required to reimburse the university for inappropriate amounts claimed and may result in disciplinary action as established in the conduct and discipline section of the employee resource manual pursuant to employee code of conduct guidelines found in rule 3342-6-01 of the Administrative Code.