Entertainment Policies

The following policies should be reviewed and consulted in case of question:


Reimbursement Rates

The following are maximum per-person meal expenditures. The rates provided are effective as of October 1, 2006. Reimbursement rates are subject to change and should always be reviewed prior to planning entertainment. For the most recent reimbursement rates, go to [http://accounting.ucdavis.edu/Entertain/allowance.cfm](http://accounting.ucdavis.edu/Entertain/allowance.cfm)

<table>
<thead>
<tr>
<th>Meal Type</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breakfast</td>
<td>$26</td>
</tr>
<tr>
<td>Lunch</td>
<td>$38</td>
</tr>
<tr>
<td>Dinner</td>
<td>$64</td>
</tr>
<tr>
<td>Light Refreshments</td>
<td>$17</td>
</tr>
</tbody>
</table>

These amounts include beverages, tax, service and delivery charges.

Exceptions are limited to 200% of the meal rate and must be due to circumstances which are unavoidable or necessary to accomplish the university business purpose.

Requests to exceed the 200% limit must be approved by the Chancellor.

Common Terms

Entertainment: the provision of meals or light refreshments.

Official Host: an employee representing the university by hosting a meeting, conference, or event.

Official Guest: someone, not employed or compensated by the university, who renders a service to the university and/or is present as a guest of an individual authorized to approve the expenditure of funds for entertainment.
Entertainment Basics

The expenditure of funds for entertainment should be cost effective and in accordance with the best use of public funds.

When determining whether an entertainment expense is appropriate, the approving authority must evaluate the importance of the event in terms of the costs that will be incurred, the benefits to be derived from such an expense, the availability of funds, and any alternatives that would be equally effective in accomplishing the desired objectives.

• Avoid situations that would require exceptions to policy (e.g., exceeding the maximum limits)
• Plan for appropriateness of the venue to meet program goals, not to impress someone (e.g., service award recognition at a local park instead of a banquet hall)
• Be sensitive to the current budget situation and public perceptions (e.g., does your lunch meeting really require filet mignon and salmon steaks or would chicken or buffet serve the purpose)
• Is it absolutely necessary for your staff meeting to be held before work hours or during lunch hours?
• If you and another campus administrative official are having breakfast at 7 in the morning, and it costs each of you $3.50, do you really need to be reimbursed? Should you seek reimbursement if the same meeting is held over a lunch break together?

Get Appropriate Approvals

Approval for all official university entertainment expenses must be obtained at the appropriate level. The approving authority shall be the supervisor (or higher level) of the official host. Individuals with delegated approval authority shall not approve their own entertainment.

• Department heads are authorized to approve entertainment expenditures consistent with policy and the per-person limits (see back). This authority may not be delegated.
• The Chancellor’s advance approval is required when the facilities or resources of more than one campus of the university are to be used for the same occasion.

The reimbursement of expenses not covered by policy must be approved, on an exception basis, by your Department Head (or their delegate) and the Associate Vice Chancellor - Finance.

The following are examples of exceptions that require additional approval:

• Spouse/partner expenses
• Meals exceeding per person limits (see reverse)
• Employee morale activities
• Tickets to events
• Cash contributions included in fundraiser events

Be aware that exceptional entertainment expenses are not allowed on state/general funds. Other funds may also be restricted. Review policy and the intended funding source before claiming exceptional expenses.

Reporting Your Expenses

You must submit the following items when reporting your entertainment.

• Original, itemized receipts for expenses over $75, such that all food and beverage charges can be identified
• A guest list which includes the following for each guest:
  o Name
  o Title
  o Occupation or group name

For more information on submitting your entertainment expenses, go to:

http://accounting.ucdavis.edu/Entertain/howto.cfm

Entertainment and Taxes

Under Internal Revenue Service regulations, entertainment expenses are considered taxable income if any of the following apply:

• The entertainment activity is not directly related to the employee’s job
• The expense is extravagant under the circumstances
• The official host (or another employee) is not present when the activity takes place
• The expense is not substantiated with supporting documentation

In addition, frequent business meals with colleagues may be taxable. Such expenses are not allowable under policy.