

Policy 3302

Business Meals, Entertainment, and Other Social Events

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Scope

The scope of this policy is the maintenance of appropriate and reasonable guidelines for expenditures relating to business meals, entertainment and other social events conducted in connection with University business.

Policy Statement

Expenditures for a reasonable number of business meals and entertainment events are the necessary result of the normal business operations of the University. In each case, the business meal or event must be appropriate to the situation and the nature of the business conducted by schools and departments. Prudent business judgment and moderation, coupled with disciplined budgetary control, dictate whom these functions serve, the frequency of events, and the reasonableness of related costs.

The total amount and relative percentage of a school and/or department budget which is appropriate to spend on business meals, entertainment and social events should be discussed in advance with the appropriate Officer, Associate or Deputy Provost, or other budgetary authority upon submission of the annual operating budget. The Dean, Chair, or Major Department Head is responsible for authorizing and monitoring events and the associated level of expenditure within the context of the approved budget.

Reason for the Policy

This policy has been prepared to promote discretion in spending and expenses related to business meals, entertainment and other social events and to promote compliance with all relevant regulations governing this area.

Definitions

Business Meals

Meals at which faculty, staff, students and other external parties are present for the purpose of conducting substantial and bona fide University business.

Business Entertainment and/or Other Social Events

Events involving faculty, staff or students, and guests of the University in which a substantial purpose of the event is social in nature.

Policy Sections

3302.1 Business Meals

Meals at which faculty, staff or students, and external parties are present for the purpose of conducting substantial and bona fide University business are allowable to the extent set forth in this policy. The reimbursement request with required supporting documentation should be submitted within 10 business days of incurring the expense.

For a business meal to be reimbursed, a business purpose with a list of attendees and their business relationship to the University is required by the I.R.S. regulations. A detailed list of attendees will be required for meals up to and including 10 people. For a group of more than 10 people, a description of the group will suffice.

The University expects the cost of business meals to be reasonable and to be \$100 or less per person (including tax and tip). When sound business reasons necessitate that business meals exceed \$100 per person, the excess cost of the business meal must be approved by the Professional Schools' Dean's offices or the Office of the Provost for faculty and visiting scholars and by the Controller's Office for staff and consultants. Unless the event is extremely unusual and pre-approved, costs in excess of \$150 per person will not be reimbursed.

A detailed receipt (must include date, amount and place) from the restaurant will remain the preferred type of receipt. However if it is not available, a credit card receipt is acceptable, but the following notations shall be included on the receipt:

- If no alcohol was served, note NO ALCOHOL on the receipt
- If alcohol was served, buyer should list the total amount (or an estimation) paid for alcohol
- If alcohol was served and the buyer did not note the amount paid for the alcohol, the business office shall apply a predetermined standard percentage to the bill as alcohol.

The business meal may be incurred in conjunction with travel or may be unrelated to travel.

Business Meals Involving External Parties

The University allows payment for reasonable and necessary meal expenses incurred during a business meeting involving external parties if the purpose of the meeting is to discuss University business, and it is necessary or beneficial to the University to provide a meal while the meeting is being held.

Business Meals Among University Personnel

The University allows payment for reasonable and necessary business meal expenses for meetings involving only University personnel under certain circumstances. The frequency of such meetings and the related expenses must be reasonable and appropriate to the purpose of the discussion and the nature of the business conducted by schools and departments. Such meetings include:

- Breakfast and dinner meetings which are necessary for the conduct of University business;
- Formally-organized luncheon meetings which are necessary to carry out the business of official committees appointed by the University; or,
- Meetings of an organized work group of employees that require the work of the group to progress through a normal mealtime.

For Employees Working Overtime

When department requirements necessitate overtime work of two hours or more after normal business hours, management may reimburse employees for meal costs as stated in the [Controller's Fact sheet](#).

Required Authorizations

The department administrator or a designee with appropriate decision-making authority must approve expenses for business meals.

3302.2 Entertainment and Other Social Events

Certain events sponsored in connection with student, faculty or staff-oriented social activities, fund raising, employee recognition, holiday gatherings and other similar functions may be allowable as business expenses and should be discussed in advance with the chair/head of the department. The following conditions must be met to qualify for payment of expenses incurred in connection with business entertainment and social events from University funds:

- the event must be approved by the department head or a designee if the event costs \$1000 or more
- alumni and fund raising events must be approved by the dean or an officer of the corporation
- if the event involves external parties, the person(s) entertained must have an actual or potential business relationship with the University; and
- the event will provide a benefit to the University.

A. Student, Faculty or Staff-Oriented Functions

The University hosts a variety of student-oriented functions that are designed to enhance campus life and a sense of community. Additionally, the University sponsors various faculty social functions to foster collegiality and recognition among Yale's faculty and visiting scholars. The frequency and related costs of these events must be appropriate to the situation(s) and the nature of business conducted by schools and departments.

Schools and major departments may conduct a staff social event to promote teamwork and community building among employees who work together to achieve common business goals and objectives. These types of events would generally consist of a picnic or other appropriate event that results in a reasonable cost for the entire group.

B. Alumni and Fund Raising Events

The Dean or an Officer of the Corporation must authorize significant social events that are held to entertain alumni, current donors, and prospective donors.

C. Employee Recognition

An annual group luncheon or modest reception may be held by a major department or work unit to celebrate each 5 years of service above 5 years of its employees. Similarly, a department or work unit may conduct a modest reception to recognize the retirement or a lunch to recognize the departure of a long-standing employee who had provided excellent service.

D. Holiday Gatherings

A holiday gathering can be sponsored from University funds provided that the event is reasonably modest in nature and is limited to one event per year for each department or major subsection. Departments should make every effort to consolidate these holiday activities among their various units to ensure that the total cost for the department is reasonable and prudent.

E. Birthdays, Secretary's Day and Other Similar Occasions.

University funds cannot be used to sponsor a social event for individuals in recognition of Secretary's Day, birthdays, or other similar occasions. Additionally, University Policy [3303](#), Gifts from University Funds, precludes the use of University funds to provide gifts to individuals in recognition of these events.

3302.3 Substantiating the Business Purpose

To qualify for reimbursement or payment, employees must substantiate the business purpose of the expense in compliance with the provisions set forth in this policy. The Internal Revenue Service requires all business meals and entertainment expenses to be properly documented. This includes the reason for the entertainment, the benefit expected to be derived as well as the name, title, and affiliation of the individual(s) being entertained.

If food and beverages for business meetings, entertainment and other social events are procured from the University's dining halls, departments shall maintain appropriate documentation, which substantiates the business purpose of the expense.

3302.4 Location of Entertainment and Other Social Events

Schools and departments should generally conduct entertainment and other social events on University premises to the extent practicable. In some instances, these events may be conducted in a place other than University facilities, but in all such cases, it must be demonstrated that the purposes of the department and the objective of the event are best served by that decision. In the limited number of authorized cases in which business entertainment events take place in a personal residence, reimbursement from University funds shall generally be limited to traditional catering costs.

Note: Expenses related to membership/dues in private clubs such as Yale Club, Mory's, etc, are considered personal expenses and must be paid directly by the individual.

3302.5 Limitations on Charging Instructions

Expenses for alcoholic beverages, entertainment and other social functions are unallowable costs for grants and contracts in accordance with federal costing principles. All unallowable costs must be coded to the proper account number established for these activities to facilitate exclusion from direct and indirect cost reimbursements. Expenses for alcoholic beverages, entertainment and other social functions are only allowable on non-federal grants if the event has been specifically approved in advance by the sponsor. Please also refer to [Procedure 1305 PR.04 Unallowable Costs](#)

Expenses incurred in connection with entertainment and social events should not generally be charged to restricted gift and endowment income accounts unless such expenses are expressly allowed under the terms of the gift indenture.

Special Situations/Exceptions

Exceptions to this policy require written approval by an Officer of the Corporation, or his or her designee.

Related Information

Policy [3303](#) Gifts from University Funds

Policy [3301](#) Travel on University Business

Procedure [3215 PR.01](#) Purchasing Card and Expense Management System

Procedure [1305 PR.04](#) Unallowable Costs

Form [3401 FR.02](#) Check Request

Contacts

Subject	Contact	Phone
Eligibility of alcoholic beverages and entertainment charges to grant & contract funds	Office of Grant & Contract Financial Administration	432-3060
Allowability of expenses to gift and endowment income accounts	Office of Funds Management	432-1335
Interpretation of policy	Controller	432-5524

Roles and Responsibilities

Department Administrator

The department administrator or a designee with appropriate decision-making authority must approve expenses for business meals or an event that costs less than \$1000.

Dean, Chair, or Major Department Head

The Dean, Chair, or Major Department Head is responsible for authorizing student/faculty/staff-oriented social events and any event that costs \$1000 or more.

Dean or an Officer of the Corporation

The Dean or an Officer of the Corporation must authorize significant social events that are held to entertain alumni, current donors, and prospective donors.

Revision History

Policy was first issued on 7/1/98. Revised on 11/12/98. Revised on 9/14/06. Revised on 6/19/07 and posted on the Draft site. Finalized on 9/24/07 and moved to the main site.

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