

Expense Allowability Grid
Related Policies: Hospitality and Entertainment of Non-Employees; Business Expenses

Published: 6/6/2018

Expense Allowability Grid									
Expense Type	Conditions for Allowability	Allowability by Type of Funds				Taxable ³	Related Policy		Comments
		Non-spons Public	Non-spons Private ¹	Non-spons non-current	Sponsored ²		Business	Hospitality	
Admissions to non- University charitable functions and events (see also "Tickets")	Event must have a clear mission, outreach, or business-related purpose.	✗	✓	✗	✗		*	*	When purchased in the course of community engagement and development of key partnerships.
Alcohol	Limited to non-sponsored private funds only. Must request and receive approval from the Risk Management Office in advance of the event. (See associated procedures)	✗	✓	✗	✗		*	*	When purchased in the course of faculty/staff recruitment, donor relations, or to be served or sold at University events.
	Limited to licensed venues.	✓	✓	✗	✗		*	*	When purchased for the purpose of resell at licensed venues (Northrop, athletics events, etc.).
Awards (Employee)	Length of Service - Should be consistent with HR-sponsored University catalogue programs. See "University Employee Recognition Awards" Appendix for additional requirements.	✓	✓	✗	✗	Taxable to the extent the award does not meet requirements.	*		Tangible awards of personal property to recognize years of service.
	Retirement - See "University Employee Recognition Awards" Appendix for requirements.	✓	✓	✗	✗	Taxable to the extent the award does not meet requirements.	*		
Campus Club - Departmental Membership - annual dues, incremental usage expenses such as meals, room rentals	Used ONLY for bona fide, mission- related University business - no personal use may be charged to the U of M. Consider the activity when determining which funds to use.	✓	✓	✗	✗		*	*	<ul style="list-style-type: none"> • Development/donor relations activities; • Faculty/staff recruitment and retention; • U-wide recognition and celebratory events.
Charitable contributions or donations to charitable organizations or activities (Also see "Admissions" and "Memorials")	The University is itself a charitable, tax-exempt organization, and should not make contributions to other charitable organizations. (Campus Life and Registered Student organizations which occasionally raise or collect funds for charitable purposes may continue to do so.)	✗	✗	✗	✗		*		
Child care expenses incurred by faculty or staff		✗	✗	✗	✗		*		Child care expenses related to any function, event or activity.
Club Memberships - Initiation fees, entrance fees, or "equity" payments ⁴		✗	✗	✗	✗		*		Any function or activity.

(1) In this column, the answers apply unless the donor specifically prohibits the use of gift funds for the listed expenditure types.

(2) May be allowable on sponsored funds if included in proposal and approved by sponsor. Contact Sponsored Projects Administration (SPA) for specific sponsor guidelines and restrictions.

(3) To report a taxable award or prize, email Payroll Services.

(4) Some contractual exceptions may currently exist for a limited number of employees. In these instances, the University Tax Director and the Office of the General Counsel will meet with the affected employees to obtain tax and policy conformity.

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Dues – for professional societies or organizations	Required for the employee's job responsibilities or the academic discipline of the employee, department or college.	✓	✓	✗	✗		*		To further the University's mission and a recognition of the employee's skills and knowledge.
	Related to the employee's job responsibilities or the academic discipline of the employee, department or college.	✓	✓	✗	✗		*		Reimbursement or payment is dependent on departmental approval. Departments may approve if the membership enhances the employee's knowledge and skills, business justification must be presented to manager and budget available.
	Unrelated to the employee's job responsibilities or the academic discipline of the employee, department or college.	✗	✗	✗	✗		*		
Entertainment or expenses for 'involvement' in University events	Must be supported by adequate documentation that substantiates the business purpose of the expense. ⁵ Must be reasonable, moderate, and occasional to the recipient.	✓ (except for Alcohol - see Alcohol)	✓	✗	✗		*	*	<ul style="list-style-type: none"> • Development/donor relations activities; • Faculty/staff recruitment and retention; • U-wide recognition and celebratory events.
Flowers	Must not exceed \$100, including delivery charges.	✗	✓	✗	✗		*	*	As a recognition of deceased employees, members of the University governing boards or their spouse, donors, and others who are significant to the University as determined by the college, department or administrative unit.
	Gifts in lieu of flowers at family's request - Must not exceed \$100, and must be to bona fide charities or nonprofit organization (NOT given directly to the family); expense approval subject to normal departmental or collegiate authorization.	✗	✓	✗	✗		*	*	As a recognition of deceased employees, members of the University governing boards or their spouse, donors, and others who are significant to the University as determined by the college, department or administrative unit.
Food	Business Meals (Employees only) Infrequent in nature and must follow the Administrative Policy: <i>Documenting Financial Transactions</i> . Rates for business meal meetings may be reimbursed up to: \$25 breakfast, \$25 lunch and \$50 dinner (includes food, beverages, tax and tip).	✓ (except for Alcohol - see Alcohol)	✓	✗	✗		*		Business meal expenses are not appropriate when for general discussion or routine in frequency (for example, business meal expenses during meetings with two employees would be unallowable).
	Hospitality Meals (Includes Non-Employee Attendees) Non-employee attendees must be integral to the purpose of the meeting. Must not exceed \$100 per person (includes food, beverages, tax and tip).	✓ (except for Alcohol - see Alcohol)	✓	✗	✗			*	Examples include: recruitment, donor relations, lectures or presentations. Not appropriate if the external party is under contract to provide ongoing services to the University.
	Refreshments and related incidental expenses - Must be occasional and modest in amount.	✓	✓	✗	✗		*	*	To accompany business meetings and retreats, staff and student development or recognition events, or community building.

(5) Maximum upper limit of \$100 per person. For obtaining exceptions, please contact the University Financial Helpline or the policy owner.

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Gifts	Non-employee - Must not exceed \$100. Must use allowable type of funds.	✓	✓	✗	✗			*	As recognition to donors, members of governing boards, volunteers and University supporters.
	Employee – (Gift certificate) Must not exceed \$100. Must use an allowable type of funds.	✓	✓	✗	✗	All denominations of gift cards / certificates are taxable. Only exception is coupon for a specific item of personal property. ⁶	*		As recognition of performance.
	Employee – (Tangible personal property) Must not exceed \$100. When intended for length of service, should be consistent with the University's catalogue programs.	✓	✓	✗	✗		*		As recognition of performance.
Greens fees and related business golf outing expenses	Reasonable, prudent, occasional, and moderate expenses. Must be supported by adequate documentation that substantiates the business purpose of the expense.	✗	✓	✗	✗	Taxable if adequate documentation is not provided.		*	Limited to development/donor relations activities.
Incremental Usage Expenses at Other venues – facility rentals, other expenses for use of the venue or space (excluding greens fees)	Must be supported by adequate documentation that substantiates the business purpose of the expense. Reasonable, prudent and moderate expenses.	✓	✓	✗	✗		*	*	<ul style="list-style-type: none"> • Development/donor relations activities; • Faculty/staff recruitment and retention; • Other University non- sponsored activities.
Memberships (Donated to the University for use by executive officers)	Must be supported by adequate documentation that substantiates the business purpose of the expense ⁷ . Used ONLY for bona fide, University business. The value of membership dues gifted to the Institution that relates to personal use must be imputed and added to compensation of executive who benefits (IRS regulations relating to taxable fringe benefits).	N/A	N/A	N/A	✗	Taxable if used for personal activities.	*	*	<ul style="list-style-type: none"> • Development/donor relations activities; • Faculty/staff recruitment and retention; • Other University non- sponsored activities.

(6) For example, a coupon for a free t-shirt is not subject to tax.

(7) Some contractual exceptions may currently exist for a limited number of employees. In these instances, the University Tax Director and the Office of the General Counsel will meet with the affected employees to obtain tax and policy conformity.

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Other expenses which could be perceived as personally benefiting individuals, extravagant or subject to public scrutiny, including but not limited to: • Entertaining a particular guest or donor on multiple occasions, • Travel or expenses for non-University functions or meetings (such as charity events) that are unrelated to the mission and purpose of the unit considering the expenditure) • Entertainment expenses not covered elsewhere in this matrix		✗	✗	✗	✗		*	*	Any function or activity.
Parking charges- (visitor, volunteer, staff)	Normal staff parking expenses (daily, monthly contract, etc.)are not allowable or reimbursable.	✓	✓	✗	✗		*	*	For parking related to a bona fide University business purpose, such attending an off-campus meeting.
Personal Memberships to Clubs (annual dues/ membership fees)		✗	✗	✗	✗		*	*	Any function or activity.
Political contributions and fund raisers		✗	✗	✗	✗		*	*	Any function or activity.
Recognition (University- sponsored) or reception events	Which are on University property, at staff residences, or at reasonably priced off-campus facilities; refreshments or meals provided by University Dining Services when applicable, or by moderately priced caterer; Use of internal University providers is encouraged. ⁸	✓	✓	✗	✗		*	*	Must follow thresholds in applicable policies.
Recruiting expenses for faculty and staff (see also "Spouse, Partner, Guest Expenses")		✓	✓	✗	✗		*	*	
Refreshments and related incidental expenses	Must be occasional and modest in amount.	✓	✓	✗	✗		*	*	To accompany business meetings and retreats, staff and student development or recognition events, or community building.
Retirement	Less than 5 years - Should be consistent with HR- sponsored University catalogue programs. See "University Employee Recognition Awards" Appendix for additional requirements.	✓	✓	✗	✗	Taxable to the extent award does not meet requirements.	*		De minimis limit must be followed for gift of personal property.
	5 years and over - See "University Employee Recognition Awards" Appendix for requirements.	✓	✓	✗	✗	Taxable to the extent award does not meet requirements.	*		Amount spent for gift of personal property should be reasonable based on time of service with the University, may not exceed \$400.

(8) Events not meeting these criteria are limited to Foundation or other non-sponsored private funds.

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Social Events such as birthdays and holiday parties		✗	✗	✗	✗		*	*	Any function or activity.
Spouse, Partner, Guest expenses for travel and entertainment for "involvement" in University events	<p>Must be supported by adequate documentation that substantiates the business purpose of the expense. Spouse travel should be occasional, reasonable, prudent and moderate in amount.</p> <p>Travel expenses for spouses, partners or guests must follow University travel policies and procedures. Expenses must be approved by next higher supervisor using "one-up" approval.</p>	✓	✓ ⁹	✗	✗		*	*	<ul style="list-style-type: none"> • Development/donor relations and activities; • Faculty/staff recruitment and retention.
Tickets to sporting, theater, music, and student events		✓	✓	✗	✗	Exempt if occasional Taxable to the individual if season tickets.	*	*	<ul style="list-style-type: none"> • As a recognition gift for employees; • Development/donor relations activities; • As part of a program of academic study.
Valet Parking	Reasonable, prudent, occasional, and moderate expenses. Must be supported by adequate documentation that substantiates the business purpose of the expense.	✗	✓ ⁹	✗	✗			*	
Violations of law - vehicle towing, traffic/parking tickets, and other related violations expenses		✗ ¹⁰	✗	✗	✗		*	*	

(9) Allowable as noted unless the donor specifically prohibits the listed expenditure types.

(10) University Fleet Services may charge departmental non-sponsored or private funds for motor vehicle tickets and fines assessed to University-owned vehicles, but ONLY if they cannot identify or collect from the person who was driving the vehicle when the violation occurred.