Interpretation of policy is difficult and can be viewed differently by different people. Hospitality site to be tweaked.
When is Hospitality appropriate with IU Funds?

- **Student Events**
  - Recruitment of potential students
  - Retention of current students
    - Auxiliaries
  - Recognition
    - Awards
    - Commencement
  - Orientation

- **Visitors**
  - Collaboration/Seminars
    - Organized departmental meetings
  - Conferences/Workshops
    - Fee to attend
    - No Fee
  - HLOGA
  - Recognition
  - Academic Visitors
  - Search & Screens
  - Community Activities

- **Employee Events**
  - Search & Screen
  - Recognition
    - Longevity
    - Retirement
    - Awards
  - Training
  - Retreats

- **Development/Fundraising**
  - Allowable with IU
    - Supplies, telephone, mailings, office space, travel
  - Allowable with IUF
    - Fundraising activity; providing food & beverage, giveaways

- **Gifts**
  - A gift is NOT for promotional or recruiting purposes.
  - A gift IS....
Student Events

- **Students must be greater in number than faculty/staff.**
  - Be honest on forms

Orientation, recruiting, celebrations, end of year activities, field trips, classroom activities, recruiting potential graduate/undergraduate students, lab meetings with students.
  - No holiday parties

- Accounts funded by student activity fees are allowed student activity expenses.
  - Object code 4028 (Rec Sports, Union Board, GPSO)
  - If your 23 acct accepts student activity fees they are outside of policy, use that object code.

- Student Events: **Benefit of the student** such as: RPS culture events, entertainment like Oscar night, Big Ten night, Dining with guest lecturers.
**Visitors/Seminars–Meals**

- Meals for individuals invited as visitors who contribute to the intellectual life of the university community is allowable hospitality. Normally such visitors will deliver a seminar, colloquium talk, other lecture, or performance for the benefit of IU faculty and/or students. These visitors can NOT be local, state or federal government officials.

- **Can only pay for the guest with IU funds** (*academic visitor*)
  - Pay for the rest of the guests who attend the meal with IUF funds.

- Consider --- would “organized departmental meeting” be appropriate for your activity?
Organized Departmental Meetings and Retreats

- Meals or refreshments for formally organized departmental meetings with a visitor (such as collaborations, guest lecturers, etc.) or organizational employee meetings/retreat (for employees only) are allowable hospitality with two key stipulations;
  - To qualify, an organized departmental meeting/retreat must be of at least one-half day duration.
  - Keep the activity at IU when possible.
    - Be reasonable with location
  - Lunch only meetings are not permitted
    - Staff meetings should not be paid with IU or IUF funds
Conferences and Workshops

- Conferences hosted by university personnel for which registration/vendor fees are charged can incur hospitality expenses as long as the revenue is enough to cover food, beverage, etc. expenses.
  - Conferences, workshops, are viewed as similar activities.

- Collection of registration fee or an outside vendor which supports the meal(s), use object code 4026.

- No Fees collected --- use IUF

- If fees are collected and IU personnel and resources are used for the event the funds must be deposited at IU not IUF. (see policy FIN-ACC-I-460

- Funding from vendors should go to cover food first, object code 4026

- MUST USE OCERS to collect funds (no fee)
  - OCERS not charging a fee for fee collection service or to coordinate the full conference for Bloomington locations.
  - Department will still be charged credit card processing fees.
    - Use IU services where possible
Congress passed the Honest Leadership and Open Government Act (HLOGA) in September 2007. The goal of this law is to shed more light on the role of lobbyists in influencing federal legislation.

- HLOGA covered expenses must be approved ahead of time by the IU Office of Federal Relations. Failure to do so may result in nonpayment of such expenses.
  - When inviting a government official, please enter a request for approval here: Government Guest Request. You will receive a notification indicating whether your guest is a covered employee and therefore expenses will need to be treated differently or if you are free to plan and pay as you wish.
    - Please do not email Doug Wasitis or Rozzie Gerstman directly. Enter requests into the My-Fi form above for proper routing and notifications.

- All reportable expenses under HLOGA must be paid directly to a vendor or to a university employee for reimbursement. The following items are NOT allowable expenses:
  - Reimbursements paid directly to any covered state or federal official
  - Stipends paid to any covered state or federal official
  - Honorariums paid to any covered state or federal official.

- For more information and tips; Policy on Federal Lobbying
Community Activities

- Community Outreach

- Example: Radio and TV participates in the College Mall Trick or Treat. They have Radio & TV personnel rent Sesame Street costumes and they give out candy and books to the children. Is this hospitality or promotional?
  - Answer: Rental of costumes (object code 4610 for costumes) the candy would be promotional hopefully the IU/unit logo is identifiable or the candy is wrapped with the IU/unit logo (object code 4868)
  - Not an auxiliary object code 4025
Searches

- Those items related to the individual recruitment of faculty and staff, including search and screen committee activities/work.
  - Object Code 4025
  - Job openings, mostly for faculty
  - Be reasonable; $400 bottle of wine—No, not even with IUF funds
  - Cost of search expenses should be reasonable based on type of position

- Spouses of Search Candidates: Spouses of faculty, staff, or students who accompany the party shall be reimbursed if the visiting spouse is present, or if the inclusion of spouses has the prior written approval of the appropriate school Dean or Vice President/Chancellor. Object Code 4025

- Search Firms: Level of expenditure that is payable to search firms must be “appropriate and reasonable” to the position for which the search is being conducted. Object code 4520
  - Contractual agreement, not hospitality
    - IU has 8–10 firms under contract already, go through purchasing first. Terms and pricing is already established.
Searches (cont.)

 Those items related to the individual recruitment of faculty and staff, including search and screen committee activities/work.
  ◦ Object Code 4025
  ◦ Job openings, mostly for faculty
  ◦ Be reasonable; $400 bottle of wine—No, not even with IUF funds

 Funds: IU and IUF for food, Search firm expenses IU
  ◦ One of few times a meal for an employee is acceptable with IU funds.

 If a department has 3 similar vacancies in faculty, only need 1 hospitality request for all staff vacancies.
Refreshments for training sessions when training is provided by campus Human Resources (or approved by HR), campus faculty development offices, or is facilitated by an external training consultant are allowable hospitality expenses.

- Object code 4025
- Hospitality request needed
- No duration requirement
- Faculty training allowable
Awards

- Item: Plaques, items with IU/School logo (paperweights, picture of Sample Gates w/award label, certificates)
  - Object code 4867
  - Over $100 probably too much, be reasonable

- Recipient(s): Staff, Faculty, Students, Guests

- Staff appreciation for meeting department criteria, outstanding staff of the year, and tenure of the staff
  - Founder’s Day, Outstanding Staff, Staff Merit Awards
  - Campus pays for cakes for certain year accomplishments

- Funds: IU or IUF

- On requisitions for hospitality items, please appropriately identify these definitions; awards, promo items, etc. Let purchasing know what exactly you are doing.

- IUF will sometimes say the payment should come out of IU $, then be reimbursed from IUF. This is to ensure compliance through the university.
Fundraising/Advancement—Budgeting Hospitality

- Hospitality fundraising expenses are allowed where the revenue from the development activity goes to an IU account (and not an IUF account).

- Activities that host donors/alumni in hopes of raising funds for IUF endowments. IU can pay for the compensation of the development person, office supplies, travel.

- The hospitality event must be covered directly from IUF:
  - If total intent of fundraising is to go to IUF, $ must go directly there and expenses paid from IUF also.
Gifts

- A gift is **NOT** a gift when...
  - giving away items to draw participation
  - if recruiting potential students
  - giving away to visitors (promotional)
  - giving away to donors (pay with IUF funds)

- A gift **IS** a gift when...
  - giving to an employee
    - ONLY allowed for retirements

- Threshold: $400 for retiring employees, $600 for non-employees that contribute to IU’s mission (can include donors)
  - Tangible gifts, i.e. pictures, vases, rocking chairs
  - Amount based on IRS guidelines
    - The recipient will be taxed if gift exceeds these limits.
      - Seek approval from VPCFO before spending more
  - Retiring employees means retired with retirement status at IU.
  - “Pass the hat” and you can buy whatever the department wishes for any amount.

- Item: decided by unit, must meet the standards of IU/IUF
  - Standards (e.g. no wine, no trips)
    - No gift cards

- IUF funds only

- Be cautious about providing “gifts” to retirees on 18/20
  - Give gift before the person retires; after they leave we cannot pay them and a gift is considered income.

- **Policy FIN–ACC–I–590, Gift to Employees and Non–Employees**
Uniforms

- **What:** T-shirt, Sweatshirt, Jacket
  - Reasonable in price, not $100 per item
    - Can get good prices through purchasing

- **Recipients:** Faculty, Staff and Student Employees
  - Uniforms must be worn at all unit functions such as orientation, every Friday, fairs, recruiting events, when appropriate

- **Funds:** IU or IUF

- **Object code 4270**

- Can’t mix reasons for buying
  - Can’t use as uniforms and then sell extra
Drawings (and “Games of Chance”)

- **Threshold**: The value of any prize offered must not exceed $300, total value of ALL prizes at an event must not exceed $900
  - Must be items

- **Item**: Items of nominal value ($10 or less), door prizes

- **Recipients**: Attendees at event or activity

- **Funds**: IUF (if non–auxiliary) or Auxiliary
  - Only auxiliaries can have games of chance
  - IU does not have games of chance–it is not part of our mission

- See Financial Policy “Drawings, Games, and Prizes, VII–4”
Promotional and Giveaways

- Recipients: Students, Visitors, Donors, Alumni, Employees (as part of registration fee for conferences, etc. but not intended for every employee)

- Reason
  - Recruiting of faculty, staff, and students (object code 4864)
  - Promotional—items to promote unit (only for auxiliaries—object code 4868)

- Funds: IU or IUF
  - Document that the purchase will be using IUF funds.

- Items must have IU logo/unit logo

- Such as: mugs, lanyards, pens, water bottles, etc.
  - Items are inexpensive per item (approx. $20)
  - Object code 4864 recruiting, auxiliary or non-general acct use 4868
Receptions

Preferred way of Hospitality

- Receptions for which the primary purpose is the attendance and benefit of a group of students or potential students is allowable hospitality.
- An employee recognition reception (service anniversaries, retirements) is allowable hospitality.
- Official, ceremonial functions of the university (such as commencement, presidential inauguration) and similar functions are allowable hospitality.

- Receptions are always better than meals.
  - A nice meal is acceptable for...
    - Visitors
      - Use appropriate per diem rate
    - Search & Screen
    - VIPs
      - Usually IUF funds are used
  - Box lunches are appropriate for...
    - Retreats
    - Informal organized departmental meetings
      - When bringing in guests
When serving alcohol on campus or at a personal residence, INLOC approved vendors must be used.

- When hosting a gathering at a personal residence and serving alcohol, if a hospitality request is entered and IU only pays for the food, an alcohol approval is still necessary and policy must be followed and a bartender hired.

- Seek approval prior to event at Alcohol Service/Sponsorship Approval

- Even outside users of IU facilities must use approved vendors when serving alcohol on IU property.

- Alcoholic beverages, including those associated with meals
  - Bartenders serving soft drinks even has to be paid for with IUF funds
Funding Sources—Awareness
Endowment Match Gift Accounts (FEMP)

- The total hospitality reimbursed on these accounts cannot exceed the amount of interest income available from the endowment. The university-contributed match cannot be used to cover any hospitality expenses not compliant with the “Allowable Hospitality Expenses” policy
  - Allowable Hospitality Expenses, FIN-ACC-I-50
  - Object code 4025
  - Accounts start with 28
Restricted Funds

- Hospitality expenses on restricted funds that do not meet the standards of this policy but are compliant with donor intent or agency guidelines will be reimbursed provided that they meet the criteria set forth in the “Allowable Hospitality Expenses, FIN-ACC-I-50” policy
  - FIN-ACC-I-50
    - Must be well documented

- No hospitality on scholarships/fellowships
  - 25/26 Accounts
  - 29 Accounts must comply with donor intent
    - Object Code 4025
Auxiliary Units

- Auxiliary units can incur promotional expenses related to the goods or services that the auxiliary is providing. Such promotional events or expenses must be for the benefit of the unit’s client base.
  - Allowable expenses for allowable activities can be put on object code 4025

- Promotional Items – object code 4868

- Such as: events for the benefit of students, or giveaways with the auxiliary’s name on it, e.g. Frisbees given out to students with Residential Programs and Services' name on them

- 66 accts, service accts, cannot do hospitality
Grant, Contract and Gift Accounts

- All hospitality expenses incurred in achieving the university’s mission can be approved or reimbursed from grant, contract, and endowment match accounts if it is determined that the expenses are:
  - Necessary
  - Appropriate to the occasion
  - Reasonable in amount
  - Consistent with the donor’s intent or agency’s intended use of the funds
  - Object Code 4027
Any expense charged to a contract or grant account must be specifically detailed in the original agency approved budget or must be accompanied by specific written approval granted by the funding agency. The budget (or post award approval) must clearly define the function to be reimbursed (i.e. planning meeting with civic leaders) and not be referred to in vague or uncertain terms (i.e. hospitality for the grant).

Seek approval from your respective C&G office.
- Work with C&G personnel to see if allowed. Must be written in proposal.
Hospitality—technical

- Pre-Approval
- Object Codes
  - 4025–food, linens, floral arrangements, beverages
  - 4026–fees collected
  - 4027–C&G
  - 4028–Student Activity Fee
  - 4166–printing
  - 4500–music
  - 4680–space rental
  - 4864–promotional/giveaways for non-auxiliary accounts
  - 4868–Promotional (for auxiliary clients)
- Purchase Order/DV to a vendor/DV to an individual (reimbursement)/PCDO/Other KFS Document
  - Give information and be consistent with the approval.
  - Show the hospitality code in the Org Ref ID
  - No abbreviations, spell out the event
  - State names based on whether employee, candidates, students, or guests
HOSPITALITY—Basic Concept

- The official word:
  - **Hospitality Policy:**
    - Each Campus can be more restrictive and each RC can be more restrictive.
- Get approval in advance
  - Give as much information as you can. We are always worried about front page test. Auditors will look for pre-approval.

- YES—student events are always allowable IF the event is for the benefit of the students
- YES—items are allowed for recruiting or marketing.
• This is your chance to practice saying no to using IU Funds (or to say “no, but here is how” or “no, and here is why”)

- **NO**–meals for employees (except for Search & Screens, visitors, organized departmental meetings and retreats)
  - Meals and refreshments for the entertainment of local, state, or federal government officials must be reported by a department by filling out the Government Guest form.

- **NO**–flowers unless related to the allowable functions listed as allowable hospitality

- **NO**–charitable donations to any organization
  - Use the word support, not “donation” or “contribution”

- **NO**–gifts of any kind, to any individual, whether or not they are university personnel

- **NO**–items utilized by a university employee in the entertainment of university guests that would be of a personal nature, e.g. golf clubs and memberships in social organizations
  - Can pay for professional memberships, not social memberships
  - University Club can be paid on behalf of employee because it benefits IU

- **NO**–hospitality related to fundraising expenses where the revenue from the development goes to an IUF account

- **NO**–alcoholic beverages, including those associated with meals
  - Bartenders serving soft drinks even has to be paid for with IUF funds

*This list is not exhaustive and does not cover all unallowable expenses.*
Sales Tax Exemption Criteria
(excerpt from Sales Tax CATS presentation 5/22/2013)

- Purchases of food and beverages are exempt if:
  - Student recruitment within Indiana
  - Experiential learning for students
  - Function primarily for students

- The term student is defined to mean an individual enrolled or registered in courses that grant credit toward the attainment of an undergraduate or graduate degree or who is enrolled in an elementary or a secondary school. The term student also includes any individual enrolled in remedial courses that are certified by the college or university.
Hospitality Request Form – Event Purpose Falling Under Exempt
  ◦ Commencement
  ◦ Graduate Student Luncheon
  ◦ Graduate Student Recruitment
  ◦ Student Event
  ◦ Student Recruitment
  ◦ Student Orientation
  ◦ Ceremony: Student
  ◦ Related