

3359-31-06 Business-related expenses.

(A) Overview.

- (1) This rule is intended to provide direction to employees with regard to the manner and extent to which the university may expend resources for the purposes of business meals and hospitality. For the purposes of this rule, the term employee refers to university of Akron faculty, staff and contract professionals. This rule also applies to anyone conducting university business, including students. All employees shall adhere to this rule and shall submit for reimbursement only those expenses eligible for reimbursement under this rule. Proper documentation shall accompany the reimbursement submissions and be maintained in accordance with university rules and policies.
- (2) Business-related expenses are defined as food, beverages, and incidental costs associated with the conduct of university business. As a public institution, the university must ensure that resources are used judiciously and appropriately in support of university business; due diligence must be given in reviewing expenditures. Additionally, the department of purchasing's policies and procedures shall be followed.
- (3) In cases of sponsored programs or restricted discretionary funds, the terms of the grant, contract, or donor's limitations may be more restrictive than the university's policy, and those terms shall be followed. In cases where these limitations are less restrictive, the university's guidelines shall apply.
- (4) One-time exceptions to this policy may be granted on a case-by-case basis by the vice president for finance and administration/chief financial officer under extraordinary circumstances and in no case constitute precedent.

(B) Business expenses.

- (1) Business expenses will generally be deemed acceptable and appropriate for payment by the university provided that:

- (a) They were incurred as part of ordinary and necessary university business and have a clear business purpose, with substantial business discussion during, directly before, or directly after the meal or event;
- (b) They were properly authorized, reviewed, and approved;
- (c) They are properly documented;
- (d) They are not personal in nature; and
- (e) For business meals only, that they were not more than three times that meal's cost allowance, including tip [according to the current federal standard meal allowance schedule located on the U.S. general services administration's website].

Additionally, business meals almost always need to include non-university personnel to be considered business-related. Non-university personnel include individuals that are not employed by the university, such as:

- (i) Candidates for employment;
 - (ii) Colleagues from other higher education organizations; and
 - (iii) The president's or other administrators' spouses in support of official university responsibilities, including attendance at employee recognition events, participation in recruiting, fundraising, and promotion of the university, and hospitality for university guests.
- (2) Business-related expenditures in excess of one hundred dollars per person (including alcohol, but excluding tips) require documented pre-approval by the responsible dean or vice president.
- (C) Additional guidelines.

- (1) Food may be provided on an occasional and irregular basis during working meetings, when personal time is given up for a formal business discussion, with documented pre-approval from the responsible dean or vice president. Examples of pre-approval include signature or direct e-mail.
 - (2) The provision of food to employees on a regular or similar ongoing basis is generally not appropriate. The provision of food in appropriate instances shall be paid for with funds from a designated presidential discretionary business expense account. The detailed information regulating designated presidential discretionary business expense account(s) is provided in paragraph (G) of this rule.
 - (3) As a general rule, meal and hospitality expenses for spouses and guests of university employees shall not be charged to university funds. In exceptional cases, expenditures for spouses and guests of university employees require written documentation of business purpose and are subject to pre-approval by the responsible dean or vice president. Exceptional cases may include:
 - (a) Attendance at employee recognition events.
 - (b) Participation in recruiting, fundraising, and promotion of the university, and hospitality for guests of the university, where appropriate.
 - (c) Attendance at athletic events as a member of the university's "designated group."
- (D) Allowable expenditures.
- (1) This rule grants authority to the vice president for finance and administration and chief financial officer to adopt, administer, and implement a chart for allowable university business related expenses that outlines business-related expenses and whether or not they may be deemed acceptable charges based on the account used: standard university accounts, president's discretionary business expense accounts, and the university of Akron foundation accounts.

- (2) University employees shall carefully read and follow the details regarding each account type when expending the account's funds and shall expend the funds in accordance with the vice president for finance and administration and chief financial officer's chart for allowable university business-related expenses. Funds included in standard university accounts are provided and described in paragraph (F) of this rule. The designated president's discretionary business expense accounts and the university of Akron foundation accounts must also follow the rules provided in the vice president for finance and administration and chief financial officer's chart for allowable university business-related expenses.

(E) Unallowable funds for business-related expenses.

The following funds shall not be used for business-related expenses:

- (1) Specialized 2xxxxx speedtypes – These funds shall not be used for business-related expenses. These funds are allocated for a specific purpose within the general fund. Expenditures from these funds are restricted to the purpose of the account. This includes, but is not limited to, fees (course fees or technology fees), faculty research grant accounts, start up accounts, and departmental cost sharing.
- (2) Plant funds - These resources shall not be used for any type of business-related expenses. This includes all 7xxxxx speedtypes.

(F) Accounts.

- (1) Standard university accounts.
 - (a) Standard university accounts are described in this paragraph. These accounts shall follow the standard university accounts rules in the vice president for finance and administration and chief financial officer's chart for allowable university business-related expenses. The description for each account should be carefully read and the details regarding each account type shall be followed when expending the account's funds.
 - (i) General operating accounts. These resources are provided to the university primarily through student

tuition and the state share of instruction (i.e., funded by the taxpayers of the state of Ohio). This includes most 2xxxxx speedtypes.

- (ii) Sales and services funds and auxiliary funds. These resources are for activities conducted primarily to provide goods, facilities, and services to, and generate revenue from, students, employees, and the general public. This includes all 3xxxxx speedtypes.
 - (iii) Indirect cost (“IDC”) speedtypes. These resources are generated from indirect cost recoveries from sponsored programs and grants.
 - (iv) Other agency funds. These resources are received by the university as custodian or fiscal agent for an organization and are held and disbursed on behalf of the organization. This includes all 994xxx speedtypes.
- (2) Standard university accounts requiring additional approval or scrutiny.

The funds described in this paragraph follow the standard university accounts rules in the vice president for finance and administration and chief financial officer’s chart for allowable university business-related expenses, but require additional approval(s) or scrutiny of additional documentation, as noted below.

- (a) University support for student activities (“EAF” accounts). These resources shall follow the standard university accounts rules in the vice president for finance and administration and chief financial officer’s chart for allowable university business-related expenses as a guideline, but all expenditures require approval through student affairs. This includes the 990xxx speedtypes.
- (b) Research and sponsored program funds. These funds are provided to the university by federal, state, or local governments; foundations; or other private entities for very

specific purposes. Restrictions vary on use of these resources but are typically more restrictive than this rule and the vice president for finance and administration and chief financial officer's chart for allowable university business related expenses. Allowable costs which differ from university policies must be specifically written in the awarding documents. This includes all 5xxxxx speedtypes.

- (c) Restricted discretionary funds and student agency funds.
 - (i) Restricted discretionary funds. Resources provided to the university through gifts and contributions where restrictions for use may vary. It is the responsibility of the signature authority to ensure the donor's restrictions are followed. This includes all 4xxxxx and 6xxxxx speedtypes that are not specifically earmarked for scholarships, fellowships, or endowed chairs.
 - (ii) Student agency funds. These are resources earned by student activities ("SAF" accounts). All expenditures require approval through student affairs. This includes the 996xxx speedtypes.
- (3) The university of Akron foundation accounts.
 - (a) The university of Akron foundation accounts shall follow the university of Akron foundation policies and procedures, which are available on the university treasurer's office website. Guidelines for the purchase of business expenses with the university of Akron foundation accounts are provided in the vice president for finance and administration and chief financial officer's chart for allowable university business related expenses. Questions should be directed to university treasury services. Business expenses from the university of Akron foundation accounts shall be documented on the travel expense report. The travel expense report shall:
 - (i) Include the date of the meal/event/activity, the name of the person(s) who hosted the meal/event/activity

and location of the meal/event/activity, the business purpose of the meal/event/activity, names and affiliations of attendees, and the cost of the meal/event/activity;

- (ii) Be properly authorized by the responsible university official (usually the immediate supervisor of the person making the request); and
 - (iii) Be accompanied by original itemized receipts.
- (b) When a university visa card is used for payment, the employee's completed travel expense report and original itemized receipts shall be attached to the employee's monthly transmittal log for university visa card purchases.
- (4) Designated president's discretionary business expense account(s).

The president is assigned a discretionary business expense account that he and his designees may use for business expenses. These expenditures shall follow the regulations for designated presidential discretionary business expense account(s) provided in paragraph (H) of this rule. Guidelines for the purchase of business expenses with the designated president's discretionary business expense accounts are provided in the vice president for finance and administration and chief financial officer's chart for allowable university business related expenses.

(G) Reporting.

- (1) In all instances, regardless of payment type, business expenses shall be documented on the university's travel expense report. The travel expense report shall:
 - (a) Include the date of the meal/event/activity, name of the person(s) who hosted the meal/event/activity and location of the meal/event/activity, the business purpose of the meal/event/activity, names and affiliations of attendees, and cost of the meal/event/activity;

- (b) Be properly authorized by the responsible university official (usually the immediate supervisor of the person making the request); and
 - (c) Be accompanied by original itemized receipts.
 - (2) When a university visa card is used for payment, the employee's completed travel expense report and original itemized receipts shall be attached to the employee's monthly transmittal log for university visa card purchases.
- (H) Regulations for discretionary business expenses for the president and for university officials designated by the president.
 - (1) Overview.
 - (a) As an accommodation to and for the convenience of the university in having the functions of the office of the president most efficiently discharged, the president shall be assigned a discretionary business expense account budgeted annually by the president and vice president for finance and administration/chief financial officer for reimbursement or for direct charging of expenses associated with administrative responsibilities, including but not limited to any use in advancing the mission of the university by fostering support and goodwill from a wide range of sources. For example, expenditures may be made to host individuals or groups such as representatives of local, state, and federal governments; members of the corporate community; members of the non-profit community; students; faculty; staff; contract professionals; the university of Akron alumni; prospective donors; and friends of the university. This includes expenditures in support of official university responsibilities of the president's spouse.
 - (b) In addition, the president shall have the authority to assign discretionary business expense accounts for other university officials in accord with this rule.

- (c) University officials designated by the president may be assigned a discretionary business expense account budgeted annually by the president and vice president for finance and administration/chief financial officer for reimbursement or for direct charging of expenses specifically associated with administrative responsibilities. As with the president, these accounts are for use in advancing the mission of the university by fostering support and goodwill from a wide range of sources. The accounts may be used to host individuals or groups such as representatives of local, state, and federal governments; members of the corporate community; members of the non-profit community; students; faculty; staff; contract professionals; the university of Akron alumni; prospective donors; and friends of the university.
- (d) As a public institution, the university of Akron is held to a high level of public scrutiny and accountability. University officials who have discretionary business accounts receive a high level of latitude for the uses, but remain responsible for ensuring these accounts are used in a responsible and appropriate manner. As such, these accounts are intended to provide for flexibility beyond that reflected within the university's standard travel and expense rules.

(2) Expenditures.

Reimbursement will be provided only for expenditures that are reasonable, necessary, prudent and appropriate for the occasion, as well as being consistent with the university's educational mission, in the following categories:

- (a) Business-related and hospitality expenses including food, beverages, admission charges and fees, flowers, mementos, charges imposed by vendors, related taxes, reasonable gratuities, related miscellaneous expenses, etc., for guests of the university.
- (b) Employee recognition and relations including food, beverages, admission charges and fees, mementos, service

charges imposed by vendors, related taxes, reasonable gratuities, related miscellaneous expenses, etc.

- (c) Receptions and banquets
 - (d) Fundraising and promotion of the university, including travel and hospitality. When travel is included, it is subject to the same conditions as all other university approved travel.
- (3) Expense documentation.
- (a) Claims for reimbursement must be detailed on the university's standard travel expense report and must be accompanied by original receipts with appropriate itemization attached to any requests for reimbursement and must be properly authorized by the responsible university official (usually the immediate supervisor of the person making the request). The itemization shall include the date of the event or the activity, the person(s) who hosted the activity and the location of the activity, the reason for the activity, a list of the activity's attendees, and the cost. All requests for payment under this policy shall be signed by the university official, and shall be subject to review and approval by the university official's immediate superior. The review and approval structure for the president, senior vice president, and vice presidents follow.
 - (i) The president's initial approver is the vice president for finance and administration/chief financial officer and secondary approver is the vice president and general counsel.
 - (ii) The vice president for finance and administration/ chief financial officer's initial approver is the president and secondary approver is the vice president and general counsel.
 - (iii) The vice president for finance and administration / chief financial officer is the initial approver for and the president is the secondary approver for the

following positions: senior vice president, provost, and chief operating officer; vice president and chief of staff; vice president for research and dean of the graduate school; and vice president, general counsel, and board secretary.

- (iv) The senior vice president, provost, and chief operating officer is the initial approver for and the president is the secondary approver for the following positions: vice president for information technology/chief information officer, and vice president for student affairs.

- (b) Expenses charged directly to the account via a university credit card, purchase requisition, or other means must be subject to the same level of documentation and supervisory review. No expenditures will be reimbursed without appropriate receipts. No expenditures for political donations, for solely personal use, or any other purpose contrary to state or federal law are allowed. All reimbursements for expenditures pursuant to this rule may be reviewed and audited by the university's internal auditor and the audit committee of the board of trustees.

- (4) Alcohol.
 - (a) When alcohol is involved with any event, such event should be managed with common sense and due care. As a general rule, alcohol cannot be charged against any university fund. However, in certain circumstances, alcohol purchases for business-related purposes (i.e., business meals or university events) may be justified.

 - (b) These alcohol purchases must be charged to discretionary funds and must have documented approval (i.e., signature or direct e-mail) of the president, vice president, or dean. Discretionary funds are funds held by the university of Akron foundation and/or the university of Akron research foundation with only a broad restriction that they be used to benefit the university of Akron or that particular area

within the university. The supervisor's approval certifies that the fund being used has been designated a discretionary fund by the donor.

- (c) Amounts expended from discretionary funds for the purchase of alcohol must be reasonable. For purposes of this rule, "reasonable" is defined as no more than twenty-five dollars per person, excluding taxes and tip.
- (d) Alcohol purchased for resale by areas with liquor permits or for medical or other research use is not subject to this rule. Reimbursement or payment for the costs of alcoholic beverages on sponsored projects is prohibited.

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Certification: _____
Secretary
Board of Trustees

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