

Questions and Answers related to Modified Policy on Food, Beverage, Flowers, Gifts and Similar Incidental Expenses

1) Is it correct that alcohol may be paid for only from fund 950-997 agency funds or from a fund 520 gift fund?

Yes, this is correct, **ONLY** from Fund 520 gift accounts or from Fund 950-997 agency fund accounts.

Alcohol cannot be purchased through the P-card.

2) Item 1A states that in addition to a clear business purpose, the written justification should include an explanation of why food or beverage was required at the meeting. If the business purpose stated indicates dinner with a candidate for a faculty position or lunch for a guest lecturer, what additional information would be required under 1A to indicate why food or beverage was required? **12/13/06**

Both E-Voucher and PReqs will have the following choices for business purpose. In this example, the correct Business Purpose would be Recruitment of Faculty/Staff/Student/Other and then in the additional business purpose comments box, the initiator can state that the interview was conducted over dinner.

Business Purpose: PLEASE CHECK ALL THAT ARE APPROPRIATE:

- Support of the Department's Mission
- Support of the University's Mission
- Professional Development of Faculty/Staff/Student/Other
- Reward and Recognition of Faculty/Staff/Student/Other (Please provide additional information in comment box)
- Support of University Research – Purchase complies with terms specified in the Grant proposal
- Support of Patient Care
- Recruitment of Faculty/Staff/Student/Other
- Other (Please provide additional information in comment box)

3) Do the \$55 and \$75 limits include tip? **12/13/06**

It will no longer include the tip or taxes.

- 4) Do the limits apply on a person-by-person basis or can they be averaged over the entire number in the group (i.e., if three people have dinners and two dinners cost \$35 each while the third dinner cost \$50, the average dinner cost per person is \$40, within the allowed limit; but if the rule applies on a person-by-person basis, then the \$50 dinner would be over the limit). Also, does the \$75 limit per person for food and alcohol combined apply on a person-by-person basis, or can that limit be averaged over the total number attending? 12/13/06

It applies on an average person basis. The average will be determined by the actual attendees to the event. If the actual number is less than the planned number of attendees, this must be explained in the justification.

Personnel completing the payment authorization request need to calculate the average cost per person. This will allow the approver to review the calculation, and if the dollar limit is exceeded, route the payment form along with a written justification to the person reviewing exception requests.

- 5) Exception Approval: Is pre-approval required for exceptions to the limits or can approval be received after the fact?
Pre-approval is strongly encouraged because it is the only way to guarantee approval will be granted. However, approvals can and will be received after the fact.
- 6) What exactly is the exception approval process? 12/13/06

Exceptions to these limits will be routed for approval after Accounts Payable has reviewed the transaction.

- 6) Does approval for exceptions then set a new dollar limit or is it simply blanket permission to exceed the policy limits?

Approval simply allows the permission to exceed the policy limits for that individual event. It does not set a new dollar limit.

- 7) To whom should exception approval requests be addressed? 12/13/06

Exceptions to these limits will be routed for approval after Accounts Payable has reviewed the transaction.

For academic colleges, Don Szeszycki in the Provost Office will review exception requests.

For all other administrative units, Mary Jane Beach, Assistant Vice President for Finance & Operations will review exception requests.

- 8) Will there be a standardized form to be used?

No. The standard voucher/requisition can be used by providing the justification and routing for appropriate approvals.

- 9) How much lead time is required for pre-approvals?

Pre-approvals are encouraged, but not necessary – approvals may be made after the fact.

- 10) Can requests for exceptions be routed directly from a department to the Provost's Office or must they route through the Dean's Office first for approval at that level or is this up to each individual college to decide? 12/13/06

It is at the discretion of the Dean's Office to deny approval when policy limits are exceeded. We encourage colleges to communicate internally within their units to come to a mutual understanding of the policy and under what circumstances requests for exceptions are acceptable.

- 11) Accounts Payable issues: How is Accounts Payable informed if an approval for exception has been received—do departments simply state such on the form being prepared or must some written verification from the approving office be attached?

If the pre-approval is prior to the event, then the document should be attached to the voucher/requisition. If the approval is post event, then routing the voucher/requisition to the correct individual is sufficient.

- 12) What happens if a bill comes in from a restaurant that exceeds the limits and there will be no approval for exception?

The excess over the policy limit will have to be paid out-of-pocket by employee(s). The employee(s) should write a check to the University for the amount above allowed limits. The department should deposit these checks into the MFK that is paying the expense and provide copies of the checks along with a copy of the deposit slip to Accounts Payable so that the invoice can be paid in full to the vendor.

- 13) If the over-the-limit invoice is attached to an electronic e-voucher and forwarded to Accounts Payable, does Accounts Payable automatically not pay the invoice because it exceeds allowed limits (which of course assumes Accounts Payable will be making these per person limit calculations)?

First, the person initiating the voucher should calculate the per person cost to determine if the amount exceeds the allowed limits. If the limits are exceeded, then there are two choices:

- a. If reimbursing the employee directly, prepare a voucher for the reduced amount.
- b. If paying the vendor directly, the employee(s) should write a check to the University for the amount above allowed limits. The department should deposit these checks into the MFK that is paying the expense. A voucher for the entire amount of the invoice should be prepared and copies of the checks (black out bank account information) and the deposit slip should be attached to the voucher. Accounts Payable will pay the vendor in full.

- 14) If a department collects payment(s) in the form of checks from the faculty members involved for the overage amount and then forwards the check(s) to Accounts Payable, how does Accounts Payable link up those checks with a particular electronic e-voucher?

See response to number 13

- 15) Will Accounts Payable be developing a hard-copy form that should be attached to the checks being forwarded on which to indicate the e-voucher number or some other means of linking identification?

See response to number 13.

- 16) Item 3 indicates that requests for payments or reimbursements require two approved signatures, one of which needs to be the coordinator of the event. Currently, e-vouchers require two "signatures," one of which can be the initiator of the form. Thus, the e-voucher can go from the initiator of the form to one additional approver and then be sent on to Accounts Payable. Under the directions in your Item 3, it appears as though an additional approval signature will be required if the form initiator is not the coordinator of the event. It appears you would require the form initiator to forward the form on to the event coordinator and then, as indicated in your instructions, one of the following also would need to approve the form: DEO, Business Office of college/division, Dean or VP of employing division. Thus an additional layer of approval is being added if the initiator is not the event coordinator, correct? Can the event coordinator designate the form initiator as approver in his/her stead?
12/13/06

Two signatures are required. The most important signature is the DEO, Business Officer, Dean or VP and signatures for alcohol must be approved by one of these individuals. Delegation of signature authority is not allowed for alcohol.

- 17) When is it allowable to include employee's family members in the payment of food and alcohol (i.e. Faculty/Staff retreat)?

Locally sponsored, and infrequently held, departmental events.
Employee recognition events where inclusion of family members is appropriate.

- 18) What is the policy for serving alcohol when students are involved?

The policy governing the serving of alcohol at events where students may be present has not changed. For the actual policy addressing this issue see Ops Manual policy V.26.2.j and k found at: <http://www.uiowa.edu/~our/opmanual/v/26.htm>. The sponsoring department must provide adequate oversight to ensure beverage consumers are of legal age.

Ops Manual policy V.26.3.c.(2)(g) also applies. If students are in attendance then non-alcoholic beverages must be available. As a rule, this must be the case even if students are not present.

- 19) What types of expenses should be paid for by the UI Foundation?

Expenses pertaining to all fundraising development activities should be processed for payment through the UI Foundation. Expenses related to this activity include, but are not limited to, food, beverages, gifts, entertainment, etc.

- 20) In what situations is golf allowed?

Business development focused events.
Employee gift awards to local golf courses.
Disbursements from Faculty Practice Plan accounts approved by the Dean.

21-27 ADDED September 26, 2006

- 21) Do the limits apply to the IMU catering service or UIHC catering service?

No, the limits do not apply when using a University internal service provider.

22) Do the limits apply to catering or just individual meals?

The limits do apply to catering except when using a University Internal Service.

23) What are some examples of when food and beverages should be allowed (policy asks that the department explain why food is required)?

- a. Meals are part of the recruiting/speaker/visitor engagement.
- b. Meeting or event must occur during a recognized meal time in order to accommodate scheduling requirements.
- c. Meeting or event's duration is more than 2 hours and food/beverage is provided for comfort of the attendees.
- d. Light refreshments provided at faculty/graduate student colloquia or symposiums

24) Can alcohol be paid for during travel status? 12/13/06

Domestic Travel: With the exception of a business meal during travel, individuals are expected to stay within the allowed per diem. Reimbursement for meals does not require itemized receipts.

Foreign Travel: Reimbursement for foreign meals does require receipts. If alcohol is purchased, the expense must be paid for on Fund 520 gift accounts or from Fund 950-997 agency fund accounts. If a business meeting is held and the amount of the per diem is higher than the \$55/75 limit, the per diem amount will be the maximum amount allowed.

25) Is membership to the **Athletic Club** allowed?

Memberships should be made at the corporate level, such that individual membership is transferable should the individual leave the University. Memberships can be paid for on Funds 950-997 agency fund accounts only. All other payments for membership to the Athletic Club must be paid for through the UI Foundation.

26) Is membership to Red Carpet Club allowed?

Membership cost up to 50% may be reimbursed given the individual is considered a frequent traveler. Frequent traveler is defined as more than 10 trips per year.

27) Are gifts from vendors allowed as part of the reward and recognition policy (i.e. gift certificates, free dinners, equipment, travel expenses)?

The simple answer is no. The Iowa Gift Law covers gifts from vendors should the amount of the gift be more than \$2.99 per person. The following web page can provide additional details - http://www.uiowa.edu/~purchase/purchase/Policy/gift_law.htm#11.

You should ask three questions when determining whether the gift law applies:

- Am I getting something for nothing or less than it is worth?
- Is the recipient (the person receiving the item) a public official, public employee, or candidate for office or the spouse or dependent child of an official, employee, or candidate covered by the statute?
- Is the donor (the giver) a "restricted donor"? (See definition below)

If the answer to all three questions is yes, then the gift law likely applies and the gift is prohibited unless a specific exception applies. If the answer to any of the questions is no, the transaction is likely not subject to the gift law.

The law uses the term "restricted donor" to mean a giver who is within these four categories.

- Anyone who contracts with your agency or is seeking to contract with it. This includes persons involved in sales, leases, purchases, or other contracts. The term "agency" includes all public bodies covered by the statute, including a city, school district, or county. (Certain agricultural commodity production boards are excluded.
- If you are an official or employee of one of the 16 listed "state regulatory agencies," a "restricted donor" is also any person who is the subject of, or a party to, a matter pending before that part of the regulatory agency (or "subunit") in which you have discretionary authority as an officer or employee. The agent of persons with matters pending before your subunit is also a "restricted donor." Thus, for example, a member of the Board of Medical Examiners could not accept a gift from a doctor who is the subject of a pending investigation before that board nor from the doctor's lawyer. However, this would not make the doctor a "restricted donor" as to employees or officials of unrelated units in the Department of Health
- Anyone who will be directly and substantially affected financially by performance or nonperformance of your official duties in a way that is greater than the effect on the general public or a substantial class to which the person belongs (such as all members of a profession or residents of a region). An agent of such a person is also a "restricted donor."
- Anyone who is a "lobbyist," or a client of a lobbyist, regarding matters within your agency's jurisdiction. The term "lobbyist" is specially defined, as described below.

What are the penalties for violating the gift law?

A violation of the gift law is a serious misdemeanor which may, upon conviction, result in imprisonment for one year and a \$1,000 fine. §§ 68B.25, 903.1. In addition, the Ethics and Campaign Disclosure Board may impose a civil penalty of up to \$2,000 for each violation of chapter 68B. §68B.32D(1)(h). A violation can also be grounds for removal from office, suspension or dismissal from employment, or other employee discipline. §§ 68B.25, 68B.31(11), 68B.32D.

21-27 ADDED OCTOBER 16, 2006

- 28) Is the DEO, Business Officer of the college or division, Dean or Vice President of the employing division required to approve all transactions under this policy? Can the signature of these individuals be delegated?

Approval by the DEO, Business Officer of the college or division, Dean or Vice President of the employing division is required to approval all alcohol transactions and delegation of their signature is not permitted. Approval for all other expenses can be given by the individual who has been delegated signature approval.

29) If a department is hosting a conference and not utilizing Conferences and Institutes, do the limits still apply if a registration fee is collected to cover the food and alcohol expenses?

The food and beverage limit does not apply in the case where the conference is sponsored by the University and a registration fee is collected for the purpose of covering the food and beverage expenses.

30) Can conference alcohol expenses be paid from a 240 fund in the example listed in #29?

If the registration fees are deposited into a 240 fund, then the alcohol expenses can be paid from that fund.