



Business Meeting &
Entertainment Expense

Procedures Document

In accordance with Rice's Business Meeting
and Entertainment Expense Policy
(to conform with Policy No. 811 revised April, 2007)

Payment Solutions
Revised October, 2007

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1. PURPOSE

This procedures guide is designed to assist you in completing a Business Meeting/Entertainment Expense Statement that complies with the [Business Meeting and Entertainment Expense Policy \(Policy # 811\)](#) as revised April, 2007.

The overarching principles are that any transaction, whether a purchase or a reimbursement, should be:

- (1) necessary for Rice to accomplish its mission of teaching, research and public service;
- (2) reasonable and allowable;
- (3) for the benefit of Rice, not for personal use or benefit of an individual; and
- (4) in accordance with tax laws, government regulations, and donor stipulations.

It is impossible for these procedures to specify every possible transaction that is appropriate or every one that is inappropriate. It is the responsibility of each purchaser and each approver to make sound and reasoned judgements as to whether a transaction is in accordance with these principles.

Please contact Payment Solutions by sending an email to payment@rice.edu or by calling ext. 6700 with questions.

2. OVERVIEW / IRS ACCOUNTABLE PLAN RULES

Rice University will pay for necessary and reasonable business meeting and entertainment expenses. The accounting and reporting of such expenses must comply with applicable IRS rules and with government costing principles. Nonetheless, expenditures should be reasonable and appropriate for the circumstances of the event and for an institution of higher education.

IRS rules require business expenses to be documented in a timely manner. Expenses should be submitted and approved no later than thirty (30) calendar days after the meeting or event. If business expenses paid by Rice are not properly documented or are not documented within a reasonable timeframe, Rice may be required to report these expenses as taxable income.

3. EXPENSE LIMITS & GUIDELINES

Specifics Limits & Guidelines:	
A. Alcoholic Beverages	<ul style="list-style-type: none">▪ Costs of alcoholic beverages MAY NOT be charged to sponsored agreements; and▪ When alcoholic beverages (including tax and tip) are reimbursed by funds other than sponsored agreements, the costs must be separately identified and coded to the general ledger account code 70880 (alcoholic beverages) or combined with entertainment charges using account code 70885.

B. Costs for Lunches/Dinners/Events	<ul style="list-style-type: none"> ▪ The costs of all meals should be reasonable. Normally, lunch costs should not exceed \$25.00 per person and dinner costs should not exceed \$50.00 per person. These suggested totals include food, beverages, taxes, gratuities and other related costs such as room setup and wait staff charges. Lower spending amounts may be required by some sponsored contracts/grants. For information on specific contract/grant requirements, contact the Office of Sponsored Research or the Research Accounting Office; and ▪ Costs of departmental gatherings, such as receptions, should be reasonable, based on the size of the department and the purpose of the event and should be appropriate for an educational institution.
C. Sponsored Agreement Restrictions	<ul style="list-style-type: none"> ▪ Sponsored Agreements DO NOT ALLOW for costs of meals or coffee breaks for intramural meetings, i.e. meetings among Rice individuals with no outside parties attending.
D. Gratuities (tips)	<ul style="list-style-type: none"> ▪ The tip should exceed 20% only in unusual circumstances.
E. Group Size	<ul style="list-style-type: none"> ▪ For entertainment events, the number of University employees accompanying guests of the University should be appropriate to the purpose of the entertainment; and ▪ Specific divisions and/or departments may set more specific and stringent guidelines. It is important to verify any internal restrictions within a division or department prior to the event.
F. Restaurants/Catering Services	<ul style="list-style-type: none"> ▪ When possible, Cohen House or other on-campus services, such as Rice Catering, should be used for providing food and beverages.
G. Parking	<ul style="list-style-type: none"> ▪ Off-campus parking fees are reimbursable if they are incurred while conducting business for Rice. Parking fines and tickets are not reimbursable. ▪ Rice employees may not be reimbursed for Rice parking fees, fines or tickets.
H. Spouse Attendance	<ul style="list-style-type: none"> ▪ Normally, spouses or partners of Rice employees share in an evening's entertainment only when the spouses or partners of guests are also included.
I. Student Athletes	<ul style="list-style-type: none"> ▪ NCAA rules apply to activities involving recruitment of student athletes. Contact the Athletics Compliance Director, ext. 5829.

4. APPROVER AND APPROVER'S RESPONSIBILITIES

Business Meeting and Entertainment Expense Forms must be approved by:

- The Principal Investigator (PI), or designee, if sponsored agreement funds are being charged, **AND**
- the appropriate person as noted in the chart below. Note: The approver may never report to the individual for whom the expense is incurred, nor may the approver attend the event.

Expense incurred on behalf of:	Approval by:
Department faculty/staff including Principal Investigators	Department Chair/Head or designee*
Department Chair/Head or Director	Dean or Division Head or designee*
Deans and Administrators reporting to the Provost	Provost or designee*
Provost, Vice Presidents, and Administrators reporting to the President	President or designee*
Vice-President for Investments and Treasurer	Controller
President's Office	Vice-President for Investments and Treasurer or designee*

*As Defined on the Rice University Signature Authorization Form.

Approval of a Business Meeting/Entertainment Expense Form indicates that the approver has checked for the items listed below:

- ✚ The purpose and costs of the business meeting/entertainment event are appropriate and reasonable. See [Section 3, Item B](#) and [Section 5](#) for further details;
- ✚ The number of Rice guests and spouses attending entertainment events is appropriate and reasonable. See [Section 3, Item E](#) and [Section 3, Item H](#) for further details;
- ✚ Business meeting/entertainment expense information includes names of attendees and their business affiliation to Rice (for non-Rice attendees) along with a clearly stated business purpose which generally includes the business topics discussed. A Business Meeting/Entertainment Expense Statement must be completed and included to support the expenses;
- ✚ Amounts are broken out by category (food/non-alcoholic beverages, alcoholic beverages, tips and gratuities, etc.);
- ✚ **NO** alcoholic beverages have been charged to sponsored agreement funds. See [Section 9](#) for further details;
- ✚ **NO** entertainment costs have been charged to sponsored agreement funds. See [Section 9](#) for further details;
- ✚ **All** business meeting costs charged to sponsored agreement funds are allowable by the awarding agency. See [Section 9](#) for further details; and
- ✚ A detailed agenda/outline and explanation of the meeting is attached if any business meeting costs are being charged to sponsored agreement awards. See [Section 9](#) for further details.

5. RECORDING THE PURPOSE OF THE BUSINESS MEETING OR EVENT

To maintain the University's "accountable plan" status with the Internal Revenue Service (IRS), it is important that the recorded purpose of the business meeting or entertainment have a clear and appropriate business connection to the University. Purposes such as "lunch, business or research meeting" do not provide adequate information to fulfill this requirement. It is crucial that the recorded purpose indicate the business relationship in sufficient detail so that an independent party can understand the business connection.

6. REQUIRED RECEIPTS FOR BUSINESS MEETING & ENTERTAINMENT REIMBURSEMENT

Original detailed receipts, invoices or written agreements are required for all business meeting and/or entertainment expenses for amounts greater than \$75.00 (IRS de minimus level). Except in unusual circumstances, original receipts should be submitted. Deans or Vice-Presidents may set lower de minimis limits in their areas, if desired.

7. BUSINESS MEETING/ENTERTAINMENT COSTS INCURRED DURING TRAVEL

When business meetings or entertainment is conducted during Rice travel, the business meeting/entertainment information must be reported on-line or on a Business Meeting/Entertainment Expense Form. This information must be completed and submitted with the travel envelope/statement.

8. PRE-PAYMENT OR DEPOSITS FOR BUSINESS MEETINGS OR ENTERTAINMENT EXPENSES

When it is necessary to pre-pay or make a deposit to a vendor for a business meeting or an entertainment event, the cost will be expensed to the appropriate account code (see [Section 10](#) for coding detail) and will not be treated as an advance if payment occurs in the same fiscal year as the meeting or event. Cost must be expensed in the year in which the meeting or event occurs.

Final payments to vendors must include the required business meeting/entertainment information. If there is no final invoice, it is the responsibility of the department to submit the Business Meeting/Entertainment form to Disbursements, MS75 in order for this form to be attached to the original vendor payment.

9. SPONSORED AGREEMENT FUNDS

In general, payment of business meeting expenses from sponsored agreement funds must be in compliance with the specific sponsored agreement. It is important that any restrictions be understood prior to expenses being incurred. Contact the [Office of Sponsored Research](#) or the [Research Accounting Office](#) for all questions regarding specific sponsored agreement restrictions. Consult the following table for guidelines on allowable business meeting/entertainment expenses from sponsored agreement funds:

Alcoholic Beverages	▪ NOT AN ALLOWABLE SPONSORED AGREEMENT EXPENSE.
Entertainment Costs	▪ NOT AN ALLOWABLE SPONSORED AGREEMENT EXPENSE.

Business Meeting Costs	<ul style="list-style-type: none"> ▪ May be charged to a sponsored agreement ONLY if the awarding agency allows such a cost; ▪ Require that a detailed outline/agenda and an explanation of the purpose of the meeting and the relationship to the award be submitted along with the Business Meeting/Entertainment Expense Form; ▪ FOR A SPONSORED AGREEMENT, the costs must be an integral and necessary part of a conference or other formal, organized meeting (e.g., working meals where business is transacted); and ▪ FOR A SPONSORED AGREEMENT, business meeting expenses, such as meals and coffee breaks, cannot be charged for intramural meetings, i.e. meetings among Rice individuals with no outside parties attending.
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10. ACCOUNT CODING DETAILS

Account codes that are designated for business meeting and entertainment expenses include:

Description	Account Code
Business Meetings	70310
Entertainment	70860
Alcoholic Beverages	70880
Combined Alcoholic Beverages and Entertainment	70885

11. FORM DETAIL REGARDING PAYMENT ARRANGEMENT AND CHECK HANDLING

Payments must be made directly to the vendor by submitting the vendor’s invoice or a check request to Payment Solutions. A Business Meeting/Entertainment Expense Form must be completed and submitted with the invoice and should be coded to the appropriate account code (see [Section 10](#)) and approved by an authorized signer.

IF THE PAYMENT IS BEING MADE TO:	INFORMATION REQUIRED REGARDING PAYEE:	SEND COMPLETED FORM AND NECESSARY ATTACHEMENTS TO:
Rice Faculty/Employees or Students	<ul style="list-style-type: none"> ▪ Full name, ▪ Mailing address for check (campus mail or home address – mailing to campus address saves the University money), and ▪ Employee or Student Identification Number. 	Payment Solutions (MS 77)

A vendor	<ul style="list-style-type: none"> ▪ Name of vendor, and ▪ Mailing address is indicated on the attached invoice or written agreement. 	Payment Solutions (MS 77)
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Please direct questions and comments regarding this document to Payment Solutions ext. 6700.

Purchasing, Travel and Business Meeting and Entertainment Policies and Procedures can be found on the Payment Solutions website payment@rice.edu.

Business Meeting/Entertainment Expense Forms are located in Payment Solutions, Allen Center, B12.