

CIRM BUSINESS MEETING EXPENDITURE POLICY



**University of California
 Business and Finance Bulletin**

September 12, 2007

**Number
 BUS-79**

**Expenditures for Business Meetings,
 Entertainment, and Other Occasions**

<http://www.ucop.edu/ucophome/policies/bfb/bus79.pdf>

Refer all general questions to:
 Michael.Oneill@ucop.edu

Refer all campus questions to:

Business and Finance Bulletins Home Page: <http://www.ucop.edu/ucophome/policies/bfb/>

Table of Contents

I. <u>PURPOSE</u> — References	3
II. Purpose	3
III. Scope	4
IV. Definitions	4
V. University Policy	6
A. Authority to Issue Policy and Procedures	6
B. Allowable Expenses	6
1. Business meetings	7
a. Employee meetings	7
b. University employee on travel status	7
c. Visitors, guests, and volunteers	7
d. Faculty Student meetings	8
2. Programmatic Activities	8
3. Recruitment	9
4. Employee Morale Building Activities	9
5. On the job meals	9
6. Entertainment	10
a. Prospective donors	10
b. Employees, guests, and volunteers	10
c. Tickets to an entertainment event	11
d. Spouse/partner of a University guest or University host	11
e. Cash contributions included in a fundraiser fee	11

VI.	Tax Treatment of Business Meals and Entertainment Expenditures.....	12
VII.	Approval of Expenditures.....	13
A.	General Approval Requirements for Reimbursements	13
B.	Approval of Entertainment Expenses.....	13
C.	Expenses Requiring Additional Approval	14
D.	Exceptions to Bulletin.....	15
E.	Authority for Expenses Requiring Additional Approval and Exceptions	16
VIII.	Reimbursement Documentation.....	16
A.	Reimbursement or Payment Request	16
B.	Additional Documentation Related for Cash Contributions	17
C.	Business Meeting Documentation.....	17
D.	Frequency of Meals and Light Refreshments	18
E.	Authorization Rates for Meals and Light Refreshments.....	18
F.	Funding Source Restrictions	19
1.	State Funds.....	19
2.	Contract and Grant Funds	19
3.	Other Funds	19
G.	Quantity Purchases.....	19
H.	Financial Controls	20
IX.	Responsibilities.....	20
Appendix A	Maximum Rates For Meals and Light Refreshments	22
Appendix B	Approval of Expenditures	23
Appendix C	Inventory Record for Quantity Purchases.....	24

I. ~~REFERENCES~~

~~President's delegation of authority to Senior Vice President, Business and Finance to establish and publish all policies and procedures related to entertainment expenses for University employees, June 12, 1998~~

~~Senior Vice President's re-delegation of authority to the Vice President—Financial Management to establish and publish all procedures related to entertainment expenses for University employees, June 17, 1998~~

~~Senior Vice President's letter to Chancellors, Laboratory Directors, Vice Presidents, and Principal Officers of The Regents revising administrative fund reporting procedures, March 12, 2003~~

~~Related Business and Finance Bulletins~~

G-28	Policy and Regulations Governing Travel
G-32	Reimbursement for Overtime Meals
G-41	Employee Non-Cash Awards
G-42	Gifts Presented to Non-Employees on Behalf of the University
G-43	Policy on University Membership in Organizations
RMP-2	Records Retention and Disposition

~~Related Accounting Manual Chapters~~

A-235-27	Administrative Fund Payments
D-224-17	Delegation of Authority—Signature Authorization
D-371-12.1	Disbursements: Accounting for and Tax Reporting of Payments Made through the Vendor System
D-371-16	Disbursements: Approvals Required
T-182-77	Taxation of Scholarship and Fellowship Grants and Educational Assistance

~~Internal Revenue Code, Items not Deductible from Taxable Income: Disallowance of Certain Entertainment Expenses~~

H. ~~PURPOSE~~

This ~~policy memorandum~~Bulletin outlines ~~CIRM~~University policy and procedures governing the manner and extent to which ~~CIRM~~the University may provide hospitality to ~~board members, academic and staff, working group members, prospective candidates for CIRM employment~~employees, students, donors, guests, visitors, volunteers, and other individuals as part of a business meeting or entertainment event. The ~~memorandum~~Bulletin also addresses meals provided in connection with programmatic activities, ~~such as board, subcommittee, working group, scientific, and grantee and applicant meetings~~, meals furnished to employees who are required to remain on CIRMUniversity premises during a meal period, meals served to employees as part of a morale building function, and meals provided to prospective students and employees. ~~Each campus may establish more restrictive procedures for the reimbursement of the expenses authorized under this Bulletin.~~

III. SCOPE

This ~~memorandum~~Bulletin governs the appropriate use of ~~CIRM~~University funds for business meetings, entertainment functions, and other occasions when meals and/or light refreshments are served. ~~The Bulletin does not apply to the University managed Department of Energy Laboratories. In addition, the terms of a collective bargaining agreement shall govern when such terms do not conform to the terms of this Bulletin.~~

IV. DEFINITIONS

~~**Alcoholic beverages** – beer, wine, or any beverage containing distilled spirits. Only a limited number of funding sources permit the purchase of alcoholic beverages (see Section VIII.F). Applicable local campus procedures should be consulted to identify specific campus officials authorized to approve reimbursement for alcoholic beverage purchases, and for information about the restrictions on providing alcoholic beverages at an official University entertainment activity or other event.~~

~~**Allowability** – a principle derived from extramural funding agencies, which stipulates whether a charge is permissible based on the purpose for which the award is made; the terms of the budget as approved by the sponsor; any applicable sponsor requirements such as OMB Circular A-21 and A-110) for federal awards; and University policies and procedures.~~

~~**Approving authority** – an individual who has been delegated written authority to approve expenditures for meals, light refreshments, and other amenities described within this memorandum. Bulletin. Certain expenditures must be approved by selected high-level designees. If entertainment expenses exceed the per-person rates in Appendix A, or are of the following types, they must be approved by high-level designees who have been granted authority in writing: expenses of a spouse, domestic partner, other partner or family of the host or guests of the host; tickets for sports events or musical or theatrical performances; cash contributions as part of a nonprofit fundraising event; employee morale building and recognition (see Sections VII.C and D).~~

Business meeting expenditures – expenditures for meals or light refreshments and related services (e.g., labor charges, room rental, equipment rental, and similar expenditures) incurred in connection with meetings of the board, subcommittees, working groups, grantees, applicants, scientific or governmental delegations from other states and countries, and employees to conduct official CIRMUniversity business. At least one CIRMUniversity employee or other individual representing CIRMthe University must be present at any business meeting that includes non-CIRMUniversity persons.

Entertainment expenditures – expenditures for meals or light refreshments and related services (e.g., labor charges, room rental, equipment rental, decorations, flowers, and similar expenditures) incurred in connection with events that are primarily social, provided they serve an underlying business purpose ~~or recreational activities~~ in support of CIRM'sthe University's mission. ~~Such activities must support an underlying University business purpose such as promoting goodwill, donor cultivation, etc.~~

Guest – a person who renders a service to CIRMthe University or to whom CIRMthe University wishes to extend goodwill and who is present at a CIRMUniversity business meeting, entertainment event, or other activity at the invitation of a CIRMUniversity official authorized to host the activity. ~~Guest may also include an employee from another work location.~~

Light refreshments – coffee and other beverages, snacks, hors d'oeuvres, pastries, cookies, crackers, chips, fruit, etc.

Meal – a catered or restaurant-provided breakfast, lunch, or dinner at which board members, working group members, grantees, applicants, employees, prospective candidates for CIRM employmentstudents, or other individuals are present for the purpose of conducting substantial and bona fide CIRMUniversity business. Groceries and beverages purchased for an event may also be charged as a meal/meals.

Official host – a board member,University employee or other individual who is CIRM'sthe University's representative at an official business meeting, entertainment event, or other activity. The individual arranging an event (e.g., making hotel arrangements, ordering food, etc.) is not the host unless he or she is physically present at the event and acting in a capacity as the official host.

Programmatic Activities – Programmatic activities are meetings and events that are in keeping with CIRM'sthe University's mission. Such activities include, but are not limited to, meetings of ~~As a tax-exempt organization, the~~ board, subcommittees, working groups, applicants, and grantees and business meetings involving CIRM employees. CIRMUniversity may also incur “entertainment costs” ~~that are in keeping with business purposes, such as expenditures~~ for meals or light refreshments incurred in connection with hosting events such as scientific meetings, meetings with governmental or scientific delegations from other countries or states, or from other research or funding organizationsstudent enrichment, training programs, food provided as a necessary part of

~~a community support activity (e.g., snacks at a blood donation event), and similar activities.~~

Reimbursement – a payment to a ~~CIRM board member,~~ University employee, ~~working group member,~~ student, or other individual for expenses incurred in connection with a ~~CIRM~~ University-approved business meeting, entertainment event, or other activity authorized under this ~~memorandum~~ Bulletin.

Unallowed expenditures – The following expenditures may not be reimbursed, recharged, or paid to a vendor: ~~Entertainment expenses that are lavish or extravagant under the circumstances;~~

- Expenses that represent additional taxable income to an employee ~~or student~~⁺ under Internal Revenue Service (IRS) regulations;
- ~~Expenses that are lavish or extravagant under the circumstances;~~
- Monetary contributions to a political campaign or candidate;
- Entertainment expenses for employee birthdays, weddings, anniversaries, or farewell gatherings; ~~and (excluding celebrations for retirement or for employees separating from University employment with at least 5 years of service);~~
- The purchase of property or services for personal use or for a non-business reason; ~~and~~
- ~~Expenditures that are not permitted under the terms governing restricted funds.~~

Vendor Payment - a payment made directly to a vendor ~~or a departmental recharge~~ incurred on behalf of a ~~CIRM~~ University-approved business meeting, ~~entertainment event,~~ or other activity authorized under this ~~memorandum~~ Bulletin.

Work location - the place where an employee spends the major portion of his or her working time, or the place to which the employee returns during working hours upon completion of special outside assignments.

⁺A taxable meal furnished to a student is not reimbursable unless the meal is provided as part of a scholarship or fellowship award. See also Accounting Manual Chapter T 182 77, Taxes: Taxation of Scholarship and Fellowship Grants and Educational Assistance.

V. CIRMUNIVERSITY POLICY

There are occasions when CIRMthe University may provide hospitality to board members, staff, working group members, grantees, applicants, prospective candidates for CIRM employment, guests, visitors, volunteers, campus and other individuals as part of a business meeting/or community audiences to support the mission of CIRMthe University. As with other CIRMUniversity expenditures, the approving authority must exercise prudent business judgment in reviewing proposed expenditures for meals and light refreshments based on their reasonableness, allowability, benefit to CIRMthe University, budget, and the availability of funds. In addition, such expenditures should be cost effective and in accordance with the best use of public funds.

To conform to IRS regulations governing business expenses, CIRMthe University will not reimburse costs to a CIRMUniversity employee ~~or student~~ for meals and light refreshments ~~or related services~~ when the reimbursement results in taxable income to the individual.

A. AUTHORITY TO ISSUE POLICY AND PROCEDURES

The policy set forth in this memorandumBulletin is issued under the authority of the ICOC. (See Health & Saf. Code, § 125290.40.)Senior Vice President, Business and Finance; implementing procedures are issued under redelegation of authority to the Vice President – Financial Management.

B. ALLOWABLE EXPENSES

CIRM–The University permits expenditures for meals and light refreshments provided to board members,academic or staff, working group members, grantees, applicants, prospective candidates for CIRM employment-employees, students, donors, guests, visitors, volunteers, and other individuals for the purpose of conducting substantial and bona fide CIRMUniversity business. ~~If the expenditure exceeds the per person maximum rates set forth in Appendix A, the host must obtain an exception to this Bulletin before the expenditure will be reimbursed or paid by the University. If the expenditure entails hospitality provided to spouses, domestic partners, other partners, or other family members of the official host, or for particular categories of events, additional approval must be obtained before the expenditure will be reimbursed or paid (see Section VII.E).~~

1. Business Meetings

a. Employee Meetings of the Board, Subcommittees, and Working

Groups

CIRMThe University may pay for or reimburse expenses for meals or light refreshments provided in connection with business

meetings involving member of the ICOC, ICOC subcommittees, and the Grants, Facilities, and Standards Working Groups.

b. Employee Meetings

CIRM may pay for or reimburse expenses for meals or light refreshments provided in connection with business meetings involving CIRMUniversity employees:

- If the expenses occur infrequently (see Section VIII.CD. for guidance), and
- If the expenses benefit CIRMthe University and are reasonable and appropriate to the purpose and nature of the business meeting.

Examples of business meetings that fulfill these criteria include meetings of The Regents, University-wide meetings of functional offices, campus meetings of deans and directors, meetings of the Academic Senate, extended formal training sessions, conferences, and meetings of internal CIRMUniversity appointed committees. Business meetings also include University-hosted or sponsored meetings of a learned society, a professional association, or another external organization. In addition, business meetings may include less formally organized meetings such as extended planning meetings and work groups.

In general, CIRMthe University will not pay for or reimburse costs for meals taken with individual colleagues at the same work location unless the participants were unable to accomplish the business purpose during working hours (see Section VIII.C).

c. Business Meeting Expendituresb. Entertainment Costs Incurred While Traveling on CIRMUniversity Business

A CIRMUniversity employee or board member on travel status who incurs hospitality expenses must claim reimbursement for such expenses according to the policies specified in this memorandum.Bulletin. The expenses must be documented and submitted for approval on a Travel Expense Claim.Voucher (or electronic equivalent). Meals associated with hospitality should be itemized (see CIRMBusiness and Finance Bulletin G-28, Policy and Regulations Governing Travel Policy). For travel conducted within the budget of the Office of the Chair, the Chairperson of the ICOC shall have approval authority within the travel and meeting budget approved for the Office of the Chair.

de. Visitors, guests, and volunteers

~~CIRM~~The University may provide meals and light refreshments to visitors, guests, and volunteers if the hospitality is necessary to the conduct of official ~~CIRM~~University business, such as:

- Visitors from other ~~research or funding~~educational institutions, members of the community, ~~University employees visiting from another work location, medical center visitors,~~ and similar guests; ~~and~~
- ~~Scientific or governmental delegations from other states or countries that are interested in exploring collaboration with CIRM; and~~Volunteers and research subjects who are required to remain on University premises during a time when a meal would customarily be taken.
- ~~CIRM-hosted or sponsored.~~ Faculty-Student meetings of CIRM grantees, applicants, scientists, a learned society, a professional association, or another external organization.

~~The cost of meals or light refreshments may also be reimbursed for occasional meetings between students and faculty or administrators.~~

2. Programmatic Activities

~~CIRM~~The University may provide ~~students or others with~~ meals or light refreshments furnished in support of ~~CIRM's research~~ the University's educational programs, such as:

- Meetings of CIRM grant recipients or applicants;
- Meetings of scientists or physician-scientists engaged in stem cell research; and
- Similar meetings consistent with CIRM's mission.
- ~~Athletic teams, including training table meals, game-related meals, and occasional meals provided in accordance with the rules of the National Collegiate Athletic Association (NCAA);~~
- ~~A class, study hall, or other academic-based activity that occurs on an infrequent basis;~~
- ~~Student orientation programs, commencement exercises, and similar activities;~~
- ~~Student government meeting, association meeting, or other student meeting;~~

- ~~Continuing educational programs, such as medical or dental education programs, Executive MBA and similar self-supporting programs;²~~
- ~~Activities that serve refreshments as a crucial part of the program, such as blood donation events that offer juice and cookies to blood donors; and~~
- ~~Campus volunteers and research subjects.~~

3. Recruitment

~~CIRM~~The University may provide meals or light refreshments in connection with the recruitment of:

- Prospective employees who are under consideration for positions that require specialized training and/or experience of a professional, technical, or administrative nature, and
- Prospective working group members, alternates, and specialists.
- ~~Prospective student athletes and student scholars.~~

4. On-the-job meals

~~Employee morale building activities~~

~~CIRM~~The University may pay for or reimburse costs for meals or light refreshments associated with official employee morale building and appreciation activities that serve a University business purpose. Examples of such occasions include a gathering to honor a departing employee who is retiring or who is separating from employment after *at least 5 years* of University service, employee recognition receptions, annual faculty/staff picnics, new employee receptions, and holiday gatherings. Under no circumstances may University funds be used for occasions such as employee birthdays, weddings, anniversaries, or other occasions of a personal nature.

5. On the job meals

The University may provide meals to certain employees during work hours as a non-taxable benefit to the employee. The cost is not treated as taxable income when ~~CIRM~~the University requires the employee to be on site in connection with a ~~CIRM~~University business purpose. For example,

²Meals and light refreshments provided to students and funded by self-supporting educational programs are exempt from the per person maximum rates included in Appendix A.

a meal would be provided for the benefit of CIRM~~the University~~ when an employee is required to stay on-premises during his or her entire work shift either because the person is required to work during that period or is on-call.

~~The meal must be approved in advance by the President or Chief Operating Officer (“COO”), and in the case of the Office of the Chair, the Chairperson of the ICOC, and must be provided on CIRM premises.³The meal must be approved by an approving authority and must be provided on the business premises, which includes an area that is owned or leased by the University and in which the University conducts its business affairs.~~ In addition, as a general rule, the meal must be provided during the employee’s working hours if the employee’s duties prevented the employee from obtaining a meal during working hours. If an employee works overtime in order to complete critical work, however, a meal may also be provided.

There is no limit as to frequency or number of on-the-job meals that are offered to employees who are required to remain on site.

The IRS gives the following examples of when meals are provided primarily for the convenience of the employer and not for a compensatory purpose:

- When an employee needs to be on emergency call during the meal period,
- When an employee needs to take a shortened meal period and cannot leave the workplace to take a meal (e.g., because peak work load occurs during a normal meal period), and
- When there are no food providers or eating facilities in the vicinity of the employee’s workplace.

~~5Categories of employees who might be subject to these circumstances include residence assistants in campus housing facilities, safety workers, hospital workers, parking attendants, and food service employees.⁴~~

~~Meals may be provided to hospital workers (e.g. physicians, nurses, and other patient care employees) who are required to be on call during regular meal periods. In addition, because of the typically large number of hospital workers who are normally on call at any particular time, meals may be furnished in connection with meetings of both on-call hospital~~

³ All expenditures approved by the Chairperson pursuant to this memorandum must be within the approved travel and meeting budget for the Office of the Chair.

⁴ Occasional meals provided to employees because of overtime work are addressed in Business and Finance Bulletin G-32, Reimbursement of Overtime Meals.

~~employees and hospital administrators, provided the meetings are held on the premises of the medical center.~~

~~Meals furnished on premises to a food service employee for each period in which the employee works are allowable as on-the-job meals. Such meals may be furnished during, immediately before, or immediately after the employee's work hours, in accordance with campus procedures for providing meals to food service workers.~~

~~6. Entertainment~~

~~a. Prospective donors~~

~~The University may provide meals or light refreshments at an entertainment event for the purpose of generating the goodwill of prospective University donors.~~

~~b. Employees, guests, and volunteers~~

Meals or light refreshments may be provided to visitors, guests, members of the community, or employees where the purpose of the activity is primarily social, provided ~~or recreational, as long as~~ there is an underlying business purpose in support of CIRM's ~~the~~ University's mission.

~~c. Tickets to an entertainment event~~

~~The University may pay the cost for tickets to a sporting, theatrical, or musical event furnished to a prospective donor or employee in connection with the conduct of official University business.~~

~~d. Spouse/partner of a University guest or University host~~

~~The cost of meals or light refreshments provided to the spouse, domestic partner, or other partner of a guest or the official host may be reimbursed, provided the expenditure serves a bona fide University business purpose.~~

~~When a spouse, domestic partner, or other partner attends a function, the individual's presence is considered to serve a business purpose if he or she has a significant role in the proceedings or makes an important contribution to the success of the event. Official functions to which spouses or partners are invited as a matter of protocol or tradition may be considered as bona fide business-related activities. Ceremonial functions, fundraising events, alumni gatherings, community, and recruiting events are examples of activities at which the presence of a spouse or partner may contribute to the mission of the University.~~

~~The reimbursement request should include documentation (e.g., an event or meeting agenda, or a letter of invitation requesting that spouses or partners attend the meeting or event) to show that the attendance of the spouse or partner meets the above conditions.~~

~~If a spouse or partner has no significant role in the proceedings or performs only incidental duties of a social or clerical nature, his or her attendance does not constitute a bona fide business purpose. Such expenses are not reimbursable.~~

~~e. Cash contributions included in a fundraiser fee~~

~~— If a nonprofit community or charitable fundraising event includes a cash donation as part of the meal or registration fee, additional documentation must be furnished by the employee in accordance with this Bulletin. The cost of a contribution must be reasonable in relation to the actual or expected benefits (see Section VIII.B).~~

~~— University policy does not permit contributions in connection with any event sponsored by an organization associated either directly or indirectly with a political party, campaign, candidate, or group engaged in~~

~~an attempt to influence legislation, elections, referenda, or similar activities.~~

VI. TAX TREATMENT OF BUSINESS MEAL AND ENTERTAINMENT EXPENDITURES

Under IRS regulations, an employer's reimbursement of an employee business meal or entertainment expense will be considered taxable income to the employee if:

- The activity is not directly related to the employee's job,
- The expense is lavish or extravagant under the circumstances,
- The official host (or other designated employee) is not present when the activity takes place, or
- The expense is not substantiated with supporting documentation.

An expense which is reasonable in light of all the facts and circumstances is not considered lavish or extravagant. Relevant facts may include general convenience and acceptable industry practice under the circumstances. An expense is not considered extravagant merely because it exceeds a fixed dollar amount or involves first-class accommodations.

No expenditure that is considered taxable income to an employee ~~or student~~ under IRS regulations will be reimbursed or paid by CIRM~~the University~~.

Deductible meal and entertainment expenses must be *directly related to or associated with* the active conduct of official business, as provided in Section 274 of the Internal Revenue Code. A business meal or business entertainment expenditure is *directly related* if the following four conditions are met:

- The taxpayer⁵ has more than a general expectation of deriving income, or a specific business benefit, from the meal or entertainment. However, the taxpayer is not required to show that income or a specific business benefit actually resulted;
- The taxpayer did in fact engage in business discussions during the meal or entertainment (or if the taxpayer did not, it was for reasons beyond the taxpayer's control);
- The principal nature of the expense was the active conduct of the taxpayer's trade or business; and
- The meal or entertainment expense was for the taxpayer, the taxpayer's business guest or guests, and their spouses (Reg. §1.274-2(c)(3)).

⁵ Taxpayer in this case is CIRM~~the University~~ or a CIRM~~University~~ employee.

A meal or other entertainment expense *is associated* with the conduct of a taxpayer's trade or business and therefore not taxable if there was a clear business purpose in making the expenditure and if it directly precedes or follows a substantial and bona fide business-related discussion.

Meal and entertainment expenses that are *directly related to or associated with* the active conduct of official business are not taxable to an employee if reimbursed by the employer or paid by the employer on the employee's behalf. However, business meals provided to an employee on a routine or frequent basis will be treated by the IRS as personal expenses includable in an employee's gross income (see Section VIII.CD).

VII. APPROVAL OF EXPENDITURES

A. GENERAL APPROVAL REQUIREMENTS FOR REIMBURSEMENT

In approving a request to reimburse an employee or to make a direct payment on behalf of the employee to a third party for expenditures authorized under this policy Bulletin, the President or COO, or in the case of the Office of the Chair, the Chairperson, approving authority must determine that:

- The expenditure serves a clear and necessary business purpose or benefit to CIRMthe University;
- The expenditure of funds is reasonable, cost effective, and in accordance with the best use of CIRMUniversity-administered funds;
- The expenditure does not create taxable income for an employee ~~or student~~;
- Funds are available and the expenditure is allowable under the specified fund source, and
- Any alternatives that would have been equally effective in accomplishing the desired objectives were considered.

~~The department head (or equivalent authority) is authorized to approve the reimbursement of meals, light refreshments, and other expenses permitted under this Bulletin. Each authorizing individual must have on file a Signature Authorization or Cancellation Form (Form U242) or an equivalent form or electronic signature authorization.⁶~~

B. APPROVAL OF ENTERTAINMENT EXPENSES

⁶~~For information on electronic signatures and reimbursement of entertainment expenses, see Accounting Manual Chapter D 224 17, Delegation of Authority—Signature Authorization.~~

In addition to the general approval requirements listed above, the requirements set forth in this section will apply to the approval of entertainment expenses.

To ensure proper internal controls, an individual with delegated approval authority may not authorize payment of the entertainment expenses of anyone to whom he or she reports either directly or indirectly, i.e., the approving authority should be the supervisor of (or at a higher classification than) the person claiming the expenditure. In addition, individuals with delegated approval authority shall not approve their own entertainment expenses or the entertainment expenses of a near relative (e.g., spouse, domestic partner, child, parent, etc.). However, the President shall be responsible for approving any expenses incurred by the COO, the COO shall be responsible for approving any expenses incurred by the President, and either the President or the COO shall approve expenses incurred by the Chairperson of the ICOC.

~~The entertainment expenses for each campus Chancellor (including those of a spouse, a domestic partner, or other partner) must be submitted to the campus Controller for approval.⁷~~

~~Entertainment expenses incurred by the Vice Chancellors, Deans, and Medical Center Directors will be approved by a Vice Chancellor (or other responsible administrator) designated by the Chancellor. The Chancellor may designate more than one approving Vice Chancellor, if desired, due to workload considerations.~~

~~In lieu of reviewing and approving each Entertainment Check Request form (or electronic equivalent), the designated Vice Chancellor⁸ may:~~

- ~~• Appoint a high-level individual on his or her staff who is knowledgeable about the procedures set forth in this Bulletin to review and approve the entertainment expense for policy compliance, and~~
- ~~• Review and sign a periodic report (produced no less frequently than monthly), which details the business purpose for each entertainment activity or event.~~

~~The designated Vice Chancellor may not delegate this authority to another individual, except when the designated Vice Chancellor is not available due to business travel, vacation, illness, or other leave. Entertainment expenses of the designated Vice Chancellors will be approved by the Chancellor or his or her designee, provided that the individual does not report to the Vice Chancellor.~~

⁷ ~~The entertainment expenses of an Associate of the President/Chancellor shall be approved in accordance with the Regents' Policy on the Associate of the President or the Associate of the Chancellor.~~

⁸ ~~The term "designated Vice Chancellor" includes any other responsible administrator designated by the Chancellor.~~

~~The President will establish similar controls for appropriate review and approval of entertainment expenses incurred by the President, the Executive Vice Presidents, the Principal Officers of The Regents, and other Officers within the Office of the President.~~

~~C. EXPENSES REQUIRING ADDITIONAL APPROVAL~~

~~Certain expenses authorized under this Bulletin require additional approval at a higher level. The following expenses require such approval:~~

- ~~• Entertainment of the spouse, domestic partner, other partner, or family members of the official host or guest;~~
- ~~• Tickets to a sporting, theatrical, or musical event;~~
- ~~• A cash contribution which includes the cost of a meal or registration fee made to a nonprofit organization in connection with an employee's attendance at a fundraising event; and~~
- ~~• Employee morale building and employee recognition events.~~

~~Expenses requiring additional approval shall be approved in accordance with the procedures described in Section VII.E.~~

~~D. EXCEPTIONS TO BULLETIN~~

~~Any request for approval of an exception to the per person maximum rates must include a written justification for the expenditure. The President or Chancellor must approve any exception to the per person rate that exceeds 200% of the rates published in Appendix A. The request must document circumstances which are unavoidable or necessary to accomplish a University business purpose. The fact that actual costs exceeded the authorized rate is not in itself justification for the higher reimbursement rate.~~

~~The following are examples of circumstances that would warrant reimbursement of expenses in excess of the standard rates for meals and light refreshments:~~

- ~~• Meals or light refreshments must be obtained at the hotel or conference site where a meeting is being held;~~
- ~~• Meals or light refreshments must be delivered by a caterer to reduce meeting interruptions or promote event continuity, or due to the location of the event where there are no nearby eating facilities; and~~

- ~~• An event, such as a donor cultivation event or recruiting activity must be held at a prearranged place appropriate for the event or the expected business benefit.~~

~~The individual delegated authority to approve exceptions to this Bulletin must assure that the required written justification is adequate and that the expenses meet all other approval requirements contained in Section VII.A. before approving the expenses. Reimbursement of such expenses is limited to the actual documented costs incurred.~~

~~Requests to exceed the 200% limit must be approved by the President or the Chancellor, for their respective locations. This authority may not be delegated except when the President or Chancellor is absent due to business travel, vacation, illness, or other leave.~~

~~E. ADDITIONAL APPROVAL AUTHORITY AND AUTHORITY FOR EXCEPTIONS TO THIS BULLETIN~~

~~Expenses requiring additional approval and exceptions to this Bulletin may be approved by the President, the Provost and Executive Vice President, the Executive Vice President and Chief Business Officer, the Chancellors, or the Principal Officer of The Regents for employees within their jurisdiction, subject to the requirements set forth in Section D above. Any re-delegation of this authority must be made in writing.~~

~~Authority for approving expenses that require additional approval and exceptions to this Bulletin shall be limited by re-delegation to a select few high-level University officials, and may not be re-delegated. Individuals who have been delegated authority under this Bulletin must have on file a signature authorization form.~~

VIII. REIMBURSEMENT DOCUMENTATION

A. REIMBURSEMENT OR PAYMENT REQUEST

A request for reimbursement, recharge, or payment of expenses for meals or light refreshments and related services must be submitted on the appropriate payment request form. ~~Entertainment Check Request form, Check Request form, or an equivalent campus electronic form.~~ The completed request must include the following information:

- Type of expense (lunch, dinner, etc.);
- Type of event;
- Number of participants (attach a guest list containing the name and title of participants, and their occupation or group affiliation, in order to establish the business-related relationship to CIRM~~the University~~);⁹
- Date and location of the event;
- Business-related nature of the occasion or purpose of the event; and
- The signature, printed name, and title~~department~~ of the department head or approving authority. ~~The signature of the host must also be obtained for entertainment, recruitment, and employee morale-building activities. Examples of expenditures requiring signature~~

⁹ If it is impractical to list each guest based on the open nature of the event (e.g., ~~the Chancellor's annual staff appreciation picnic~~, a retirement reception or, ~~and other~~ similar events), the documentation need not include individual names and titles.

~~by the host and/or additional approval at a higher level are listed in Appendix B.~~

~~A request to reimburse entertainment, recruitment, or employee morale building expenses must include a written statement signed by the host and/or the approving authority certifying that the hospitality expenses were incurred for an official University business purpose. This statement is provided on the Entertainment Check Request form. Electronic requests for payment processing must be supported by the same information as that required for paper processing.⁴⁰~~

Expenses of \$75 or more per occasion must be supported by original itemized receipts, or acceptable electronic receipts, which must be submitted with the request for payment. If a receipt cannot be obtained or was lost and all measures to obtain a duplicate receipt have been exhausted, the reimbursement request must contain a statement explaining why the receipt is not being provided. The statement must also include a certification that the amount claimed is the amount actually paid.

⁴⁰~~The level of detail contained in an electronic receipt must be equivalent to that contained in an acceptable paper record.~~

B. ~~REQUIRED ADDITIONAL DOCUMENTATION FOR CASH CONTRIBUTIONS~~

~~University policy requires documentation of the business purpose for making a cash contribution to an outside nonprofit organization. The business relationship with the nonprofit organization must be explained on the Entertainment Check Request form (or electronic equivalent). While in most cases promotion of goodwill in the University community is an acceptable business purpose, the amount of a contribution must be reasonable in relation to the actual or expected benefits. To document that a contribution to an outside organization was made on behalf of the University, submit a copy of the transmittal letter to the recipient organization with the Entertainment Check Request form. In addition, the employee should obtain a statement from the organization showing the difference between the amount of the contribution and the benefits (such as a meal and/or refreshments) received by the employee.~~

~~C. BUSINESS MEETING DOCUMENTATION~~

~~CIRM University policy requires that meals or light refreshments provided in the course of a business meeting *must be a necessary and integral part of the business meeting, not a matter of personal convenience*, whether the meeting is for internal purposes or includes external organizations. When a meeting takes place over an extended period of time and the agenda includes a working meal, there may be justification that the meal is integral to the business function. Examples of such events include:~~

- ~~• A meeting where there is a scheduled luncheon speaker,~~
- ~~• A meeting where the participants work through the lunch period, or~~
- ~~• Circumstances where it would be too time-consuming or disruptive to event continuity for participants to take a meal break away from the meeting location.~~

~~CIRM University policy does not permit reimbursement when two or more employees choose to go to lunch together to continue their business as an *incidental* part of the meal, when the meal is of a reciprocal nature,¹¹ or when the meeting could have been scheduled during regular working hours.~~

~~The business purpose of meals or light refreshments provided as part of a meeting must be explained on the payment request ~~Check Request~~ form ~~(or electronic equivalent)~~ or substantiated by other documentation (e.g., an agenda) attached to the form.~~

¹¹ The parties reciprocate by paying for each others' meals.

C.D. FREQUENCY OF MEALS AND LIGHT REFRESHMENTS

Meals and light refreshments that are provided by an employer to its employees on a frequent or routine basis are treated by the IRS as taxable income and therefore are not reimbursable under CIRM University policy. The following guidelines should be followed in providing meals and light refreshments in connection with a *business meeting* or; *entertainment event*, ~~or employee morale-building activity~~:

- Meals should be limited to no more than once a month or twelve times per year, per group.
- Light refreshments should be limited to no more than twice per month, per group.

Meals or light refreshments provided to a group should be counted on an event basis, e.g., a two-day meeting should be counted as one event in determining compliance with these guidelines.

~~Meals or light refreshments may be provided to non-employee students on a more frequent basis.~~ On-the-job meals provided to employees who are required to be at their work stations during a normal meal time also may be furnished on a more frequent basis (see Section V.B.45).

D.E. AUTHORIZED RATES FOR MEALS AND LIGHT REFRESHMENTS

The maximum per-person rates for meals and light refreshments are specified in Appendix A and include labor, sales tax, delivery charges, and other service fees. These rates do not include any costs associated with rental of meeting or conference facilities, equipment rentals, decorations, and other items, which may be charged as an additional expense. The maximum rates will be adjusted automatically when the rates in UC Business Policy 79 are adjusted. ~~The maximum rates will be reviewed periodically by the Vice President—Financial Management and adjusted as appropriate.~~

If expenditures exceed the per-person maximum rates specified in Appendix A, adequate justification must be included with the payment request submitted for approval. Such requests must be submitted to the individual with delegated authority for approving exceptions to this Policy Bulletin (see Section Sections VII.B). In no event shall the reimbursement exceed 135% of the maximum rate and C).

The following are examples of circumstances that would warrant reimbursement of expenses in excess of the standard rates for meals and light refreshments:

~~F. FUNDING SOURCE RESTRICTIONS~~

- Meals or light refreshments must be obtained at the hotel or conference site where a meeting is being held; and
- Meals or light refreshments must be delivered by a caterer to reduce meeting interruptions or promote event continuity, or due to the location of the event where there are no nearby eating facilities.

E.

~~1. State Funds~~

~~Expenses which require additional approval or are an exception to this Bulletin and expenses for alcoholic beverages or tobacco may not be charged to State funds.~~

~~2. Contract and Grant Funds~~

~~Federal or local government contract and grant funds may be used for entertainment expenses only as specifically authorized in the contract or grant budget or by agency policy, and only to the extent and for the purpose so authorized. When there is a conflict between agency and University policy, the more restrictive of the two shall apply. No alcoholic beverage or tobacco product purchases may be charged to federal funds.~~

~~3. Other Funds~~

~~Various University controlled fund sources other than those referenced in paragraphs 1 or 2, above, may be used to fund the expenses authorized under this Bulletin, but only if costs conform to the restrictions imposed by the fund source and to the policy set forth in this Bulletin. When there is a conflict between the terms of the fund source and University policy, the more restrictive of the two shall apply.~~

~~G.~~ QUANTITY PURCHASES

Supplies of food, beverages, and related items may be accumulated in connection with official business meetings, entertainment events, and other activities in order to simplify the planning of individual events and to take advantage of favorable pricing on quantity purchases.

Quantity purchases (e.g., beverages, nonperishable food, supplies, etc.) should be limited to the amount that will be used within the fiscal year. With respect to supplies ~~and alcoholic beverages~~, because maintaining a precise record of per unit costs or the number of items used for a particular event may be unduly burdensome, a reasonable estimate of the quantities used and the associated cost

may be entered on an inventory record. ~~A sample form is provided in Appendix C for this purpose, which should be made available by the department for review~~

~~Upon request.~~

H. FINANCIAL CONTROLS

To ensure prudent financial controls, payments for expenses authorized under this ~~Policy Bulletin~~ are to be made directly to the individual incurring the expense or the vendor providing the service. All relevant documentation should be attached to the request for payment. For example, a vendor contract for catering must be attached to a request that payment be made directly to the caterer, and must be mailed directly to the caterer with the check (or separately for electronic payments).¹²

No reimbursement may be made to or delivered for distribution to any individual who was involved in either the approval or payment preparation process, *unless an exception has been made in writing by an authorized official.*

IX. RESPONSIBILITIES

Chief Operating Officer

~~The Chief Operating Officer, subject to the supervision of the President, Vice President—~~
Financial Management

~~The Office of the Vice President—Financial Management~~ is responsible for reviewing and adjusting accordingly the maximum per person rates provided in Appendix A and ~~is also responsible for~~ issuing appropriate procedures for processing official expenditures for meals and light refreshments and related services in connection with official business meetings, ~~entertainment events,~~ and other occasions.

Department Heads

The ~~Chief Operating Officer~~ department head (or equivalent authority) is also responsible for ensuring that expenditures for meals, light refreshments, and related expenditures comply with CIRM University policy and fund source restrictions, that appropriate documentation is provided to substantiate such expenditures, and that the expenditures do not exceed the frequency limits set forth in this ~~Policy Bulletin~~. The COO department head is responsible for ensuring that the ~~campus~~ payment request form (or electronic equivalent) is approved by the required individuals, ~~and for maintaining an inventory of~~

¹² ~~Expenses paid by a department recharge or journal are subject to the substantiation and documentation requirements of this Bulletin.~~

~~all quantity purchases. The department head is also responsible for maintaining proper control over the inventory of quantity purchases.~~

Finance Officer

The Finance Officer ~~Accounting Office~~

~~The Accounting Office~~ validates the review and approval of the Chief Operating Officer, or in the case of the Office of the Chair, the Chair, department head (or equivalent authority) to ensure that payment or reimbursement requests for meals, light refreshments, and related expenditures are made in accordance with the procedures set forth in this Policy. The Finance Officer Bulletin. ~~The Accounting Office~~ reviews supporting documentation to verify that the amounts claimed are allowable and that payment documents have been properly approved prior to payment or that adequate post audit reviews are performed in accordance with reasonable risk factors. In addition, the Finance Officer~~Accounting Office~~ ensures that supporting documentation is retained in accordance with the requirements of CIRM's finance policies and the requirements~~the University of its document retention policy~~California Records Disposition Schedule Manual.

APPENDIX A

MAXIMUM RATES FOR MEALS AND LIGHT REFRESHMENTS

The maximum per-person expenditures for meals and light refreshments furnished by the CIRM University may not exceed the following amounts:¹³

Breakfast	\$26.00
Lunch	\$38.00
Dinner	\$64.00
Light refreshments	\$17.00

The reimbursement for a buffet reception cannot exceed the applicable meal rate associated with the type of buffet, i.e., breakfast, lunch, or dinner. Reimbursement for a brunch may be made using the lunch rate.

The maximum per-person expenditures listed above include the cost of the food and beverages, labor, sales tax, delivery charges, and other service fees. If a reception before a meal includes beverages and hors d'oeuvres, the combined charges for the reception and the meal should be treated as a single event for purposes of calculating per person costs.

The costs of room rental, room setup fees, media rental, and decorations, etc., are not included in the per-person costs unless those costs cannot be separated by the vendor.

¹³ ~~Effective October 1, 2006.~~

APPROVAL OF EXPENDITURES

Appendix B

This table summarizes those expenditures that require additional approval and/or signature by the host in addition to the approval by the department head.

Activity	Host ¹⁴	Additional Approval ¹⁵
Business Meetings		
Meals provided to employees, visitors from other educational institutions, members of the community, medical center visitors, or employees from another work location where there is a valid business purpose for the meeting. The meeting must have at least one employee present.	No	No
Programmatic Activities		
Meals provided to volunteers and research subjects (clinical trials).	No	No
Athletic team meals, including training table meals, game related meals, and occasional meals provided in accordance with NCAA rules.	No	No
Class, study hall, or other academic based activities.	No	No
Student orientation programs, commencement exercises, and similar activities.	No	No
Student government meetings, association meetings, or other student meetings.	No	No
Recruitment		
Meals provided to prospective employees.	Yes	No
Meals associated with the recruitment of student athletes and scholars.	Yes	No
Employee Morale Building Activities		
Meals provided to employees as part of a morale building activity, including retirement and recognition receptions, etc.	Yes	Yes
On-the-Job Meals		
Meals provided to an employee during work hours as a requirement of the employee's job (HR policy applies).	No	No
Entertainment		
Meals provided to prospective donors.	Yes	No
Meals provided to visitors from other educational institutions, members of the community, medical center visitors, or employees from another work location where the purpose of the activity is social or recreational.	Yes	No
Tickets provided to prospective donors, employees, or student appointees in connection with an entertainment event.	Yes	Yes
Meals provided to a spouse, domestic partner, or other partner.	Yes	Yes
Cash contributions related to an entertainment event.	Yes	Yes

¹⁴ Campuses may require the signature of the individual requesting payment in those situations that do not require the host signature. Meals also include light refreshments unless otherwise noted.

¹⁵ An exception is required for any expenditure that exceeds the maximum per person rates for meals and light refreshments.

