Reimbursement & Exceptional Expenses

Presentation

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Meals and Entertainment
Expense Reports Submitted After 45 Days

About this practice:
Expense reports should be submitted and approved no later than 45 days after the completion of a trip or event. If an expense report for travel and other expenses is submitted and approved after 45 days, the expense report will be reimbursed but payment may be reported to the IRS as taxable income to the individual being reimbursed.

Why has this practice been implemented?
This 45 day practice has been established in order to conform to IRS rules. Outside tax counsel has recommended this action in order to better protect travelers/individuals from having their reimbursements reported as taxable income to the IRS and the University from paying penalties for not reporting these late reimbursements to the IRS.

What is the risk if we don’t report “expense reports” over 45 days as taxable income?
We run the risk of our expense reporting plan being disqualified if we do not report “expense reports” submitted 45 days after the completion of the trip or event as the individual’s taxable income to the IRS. Should our expense reporting plan be disqualified, the IRS will require all our expense reimbursements to be reported as taxable income of the travelers/individuals being reimbursed regardless of the submission timeframe.
Is My Meals & Entertainment Event Exceptional?

Is your event Entertainment/Morale OR Business/Programmatic? (See Chart 1)

Business/Programmatic

Will personal guests be attending? (See Chart 2)

- Yes
  - From here on, your event is Exceptional
  - Will you be exceeding the non-exceptional pp maximums?* (See Chart 3)
    - Yes
      - Does your meal exceed 200% of the non-exceptional pp max.?* (See Chart 3)
        - Yes
          - CONTACT SIMON SCHUSTER
            Chancellor’s approval is needed
        - No
          - No
    - No
      - Your event is NOT exceptional

- No
  - Will you be exceeding the non-exceptional pp maximums?* (See Chart 3)
    - Yes
      - From here on, your event is Exceptional
    - No
      - Your event is NOT exceptional

Entertainment/Morale

From here on, your event is Exceptional
Choose your event from above to differentiate potential classification of exceptional or non-exceptional

**Entertainment/ Morale:** Events that are primarily social or recreational in support of the University’s mission

**Business/ Programmatic:** Events incurred in connection with meetings of employees to conduct official University business. At least one University employee or other individual representing the University must be present at any business meeting that includes non-University persons.

<table>
<thead>
<tr>
<th>Entertainment/ Morale</th>
<th>Business/ Programmatic (not morale)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff (Group) Appreciation</td>
<td>Lab Collaboration Hour</td>
</tr>
<tr>
<td>Staff (Single Member) Recognition</td>
<td>Staff Team Building</td>
</tr>
<tr>
<td>Dept. Acheivement Celebration</td>
<td>Dept./ Lab Retreat</td>
</tr>
<tr>
<td>Farewell/ Retiring Staff (5 Years+ )</td>
<td>Recruitment Meal</td>
</tr>
<tr>
<td>Welcome New Staff Celebration</td>
<td>Donor Cultivation</td>
</tr>
<tr>
<td>Annual Holiday Event</td>
<td>Lecturer/ Speaker Meal</td>
</tr>
<tr>
<td>Faculty/ Staff Annual Picnics</td>
<td>Graduation</td>
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<td></td>
<td>Resident/ Student Prgms</td>
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<tr>
<td></td>
<td>CME</td>
</tr>
<tr>
<td></td>
<td>Staff Meetings</td>
</tr>
</tbody>
</table>
See Chart 2 for allowability of personal guests.

**Personal Guest:** Personal Guest(s) of the UCSF attendee

**Business Guest:** A non-UCSF employee who renders a service to the University or to whom the University wishes to extend goodwill

Business guests are allowed to attend any event, when there is an underlying business purpose in support of the University’s Mission.

Visiting guest lecturers and other business guests may bring their spouses to a dinner*. Other expense types for the spouse, such as travel or daily expenses, are not be allowed.

*Under this circumstance, UCSF spouses may also attend the dinner. Final approval required.

The number of personal guests each attendee can bring (and relationship of the personal guests to the attendee) is managed on a department level MSO approval/ signature.
Chart 3: Meal Caps - Dept’s can set lower limits

Following are the per-person expenditure limits for meals established by UCOP policy, and corresponding limits for exceptional expenditures that apply to the School of Medicine, where it is necessary to exceed the limits established by University policy:

<table>
<thead>
<tr>
<th>Meal</th>
<th>Non-Exceptional Per Person Maximum</th>
<th>Exceptional Per Person Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breakfast</td>
<td>$27.00</td>
<td>$54.00</td>
</tr>
<tr>
<td>Lunch</td>
<td>$47.00</td>
<td>$94.00</td>
</tr>
<tr>
<td>Dinner</td>
<td>$81.00</td>
<td>$162.00</td>
</tr>
<tr>
<td>Light Refreshments</td>
<td>$19.00</td>
<td>$38.00</td>
</tr>
<tr>
<td>Buffet Reception</td>
<td>Reimbursement for a &quot;buffet Reception&quot; cannot exceed the applicable meal rate associated with the type of buffet, i.e., breakfast, lunch or dinner.</td>
<td></td>
</tr>
<tr>
<td>Brunch</td>
<td>The lunch rate may be used to reimburse for brunch.</td>
<td></td>
</tr>
</tbody>
</table>

- 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.
Exception to Meal Caps

• CME courses are exempt from the per person meal caps and do not require exceptional approval

b. Programmatic Activities
The University may provide students or others with meals or light refreshments furnished in support of the University’s educational programs, such as:

Continuing educational programs, such as medical or dental education programs, Executive MBA and similar self-supporting programs; 2

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

• However, faculty meals with guest lecturer(s), when over the meal caps still require exceptional approval
Unallowed Expenditures

“Farewell” Gifts – are unallowable.

“Retirement”, “Sympathy” gifts, “length of service” awards are allowable

Retirement

An item of tangible personal property may be presented to an employee upon his or her retirement from the University, subject to the per-person limit included in Section III, A.
Unallowed Expenditures

- Entertainment expenses that are lavish or extravagant under the circumstances

- Entertainment expenses for employee birthdays, weddings, baby showers, anniversaries, or farewell gatherings (excluding celebrations for retirement or for employees separating from University employment with at least 5 years of service);

- Expenditures that are not permitted under the terms governing restricted funds. i.e. alcohol on federal funds
C. Sympathy Gifts
Gifts of tangible personal property, such as flowers, may be presented as an expression of sympathy in the event of the death or major illness of an employee or a member of the employee’s family or household. A similar type gift may be provided to recognize a birth. The cost of such gifts is limited to the amount specified in section III.A.
Other Meals and Entertainment Expenses to Consider

Alcohol
Reasonable expenditure is about 30% alcohol & 70% food.

1. Departments should consider safety aspects when alcohol is served.
2. If you have a cash bar, use tickets. Low cost alcohol can encourage heavy drinking.
3. Provide a range of low-alcohol and alcohol-free drinks to your guests.
4. Provide a variety of food items for your guests. The consumption of food slows down the absorption of alcohol. But limit salty foods, as they increase thirst.
5. Close your bar well before the scheduled end of the event.
6. Station the bar in a spot where people aren't continually passing it.
7. Serve drinks to guests rather than offering a self-serve bar.
8. Ensure only authorized persons have access to the bar area or where drinks are being served.
9. Don't have servers circulate around the reception area refilling attendee's glasses.
10. Don't raffle alcohol or hold contests that involve buying, drinking or winning alcoholic drinks.
11. Create rules for handling intoxicated guests in advance including having a "designated driver".
Non-F&B Entertainment Expenses & Activities

Rather than a venue or an entertainment type being excluded, a suggested dollar value is $100.00 per person. This is to be mindful of the policy statement:- “Entertainment expenses that are lavish or extravagant under the circumstances are unallowed expenditures”.

Non-Food & Beverage entertainment examples:

- the cost of bowling,
- tickets to AT&T,
- Kayaking,
- AV, venue hire, labor,
- Taxi/ valet parking etc.

Requested by UCSF Risk Management, an ‘Individual required activity waiver’ form must be signed for some activities. e.g. sports, wine tasting activities.
Travel
Business & First-Class Travel

The department may now manage the definition “not enough time to rest, prior to commencement of work” more precisely allowing for factors such as jet lag, time differences, prior working hrs. etc. to be considered. Supporting documents such as itinerary should be attached. Would still need Dean’s Office approval.

• Business or first-class is necessary to reasonably accommodate a disability or medical need of a traveler. (Attach copy of medical provider’s note in expense report, valid within a year of travel.)

In addition, when the flyer is taller than 6’3”, business class travel will be allowed without a medical note.
Final Interviews

- Actual travel expenses may be reimbursed for spouses/families who accompany candidates for faculty or high-level administrative positions on final interviews.

- Travel expenses with spouses/families on final interviews is an exceptional expense that require exceptional approval.

- Spousal travel expenses may not be charged to state funds.

For Interviewees (spouses only allowed on final interviews) actual transportation expenses shall not exceed one round-trip coach airfare between the prospective employee's current residence and the interview location for each round of interviews. Subsistence and non-personal miscellaneous expenses also may be reimbursed.
Conference Dates

- When attending a conference more than 40 miles away, overnight stay 24hrs before the start date of the conference is allowed. In addition, overnight stay on the last day is also allowed with justification. Exceptional expense approval not required.

- Extra days other than above require exceptional expense approval and justification.
Lodging with Airbnb

- Airbnb, while not recommended, is allowed to be used and costs will be reimbursed without pre-approval.

NOTE: Watch this space as UCOP and the city are in separate discussions on the future of Airbnb expenses.
100% Funded Travel by Host

Example:
A UCSF employee has been invited to a conference to give a lecture. The host has stated that they will pay for all expenses incurred i.e. travel, lodging, daily meal allowance and other general expenses.

Under normal circumstances UCSF funds/ corporate cards are **not allowed** to be used and the UCSF employee must:

a. Ask the host to book airline tickets and lodging in advance or
b. Fund the travel themselves and seek reimbursement from the host.

What if ............

a. The host cannot book flights, lodging etc. and asking the traveler to pay would cause financial concerns?
b. There is likely to be a delay by the host in reimbursing the traveler also causing financial concerns.

**Process:**
The expenses above would be considered exceptional and **would require** Dean’s Office exceptional approval. Follow the usual process for exceptional travel expense approval attaching a justification.

**Please note:** when UCSF funds are used the expense must conform to UCOP/ UCSF policy whether or not the money is to be reimbursed.

**Supporting documentation:**

MyExpense (Corporate card) attach: 

1. letter from the host detailing their financial commitment  
2. Justification explaining circumstances,  
3. Event agenda,  
4. Receipts being claimed

Connexxus: 

Email SOM Dean’s Office with same documents as for MyExpense and keep response in SAS 115 file.
Partially Funded Travel by Host

A UCSF employee has been invited to give a talk/lecture and/or invited to teach a course. The host has stated that they can only pay for partial travel costs e.g. flights but not accommodation. Under these circumstances UCSF funds can be used but only for those expenses not covered by the host.

Zero Funded Travel by Host

Examples:
- A UCSF employee has registered to attend a conference or has been invited to give a talk/lecture/teach a course. The host does not or has stated that they cannot pay for any travel or incidental costs.
- A Dept. has been awarded a grant/fund/trial that states that travel is required. However, the sponsor will reimburse the traveler/dept. travel expenses after travel has been completed.
- While the traveler is attending a 100% or Partially funded host event he/she incurs an expense e.g. Wi-Fi, a flight change fee etc. triggered to accommodate UCSF.

Process:
For all the non-exceptional circumstances above, UCSF funds can be used without Dean’s Office Approval.

Supporting documentation:

MyExpense (Corporate card) attach:  Connexxus:
1. letter from the host detailing their financial commitment
2. Event agenda,
3. Receipts being claimed

NOTE: ALL Expenses paid from UCSF Funds must conform to UCOP & UCSF Policies. In some situations a request to pay an expense may trigger the need for a further justification e.g. Non-economy seating request. If unallowable under UCOP/UCSF policies the request could be denied even if the host will ultimately reimburse the university.
Justifications
Justifications

When exceeding the meal non-exceptional maximum per person, the department must supply a justification for final approval. A justification is not just about the purpose of the event, but must explain why it was necessary, or unavoidable, to exceed the non-exceptional per person maximum for the particular meal.

Examples:

- **Insufficient:** The guest lecturer was really important and was taken to dinner to a restaurant the Chief really likes. As the restaurant was upscale it was expensive. 😞

- **Sufficient:** The guest lecturer was taken to dinner to express the department's gratitude. This particular restaurant was chosen for its proximity to the department and lodgings of the guest and to show the department's level of appreciation. The lecturer normally charges a much higher honorarium fee than the department actually paid and in the hope the lecturer would agree to another visit and possible collaboration, this too was taken into consideration. Lastly, San Francisco is recognized as having a higher than average cost of living than most US cities with this restaurant in addition being located in a very business and touristic centric area.... 😊
**Example Justifications**

To show UCSF’s appreciation to attendees for their commitment (volunteers/collaborators) to the dept. and encourage them to continue.

Due to invited guests unavoidably not attending pp cost rose to contractual obligation with restaurant. Attach supporting documents....

Restaurant on [UCSF SOM Recommended Restaurant list](#). Due to higher than average cost of living/taxes etc. in SF.

The location of the restaurant was same as/within walking distance of the conference.

Notable donor taken to dinner to show appreciation of large gift. Details of gift....

Only restaurant that could accommodate this larger than usual group close to the conference/campus site.

Other Dept. specific reasons and supporting documents for overage.
In December 2015, Supply Chain Management (SCM) and the Controller's Office began requiring ALL on-campus catering orders, both takeout and delivery, be placed through the America To Go (ATG) Punch-out in BearBuy.

As part of this effort, payments for all on-campus catering orders must also be processed through ATG beginning April 7, 2016. The Meeting & Entertainment Payment Request Form will no longer be used to pay caterers for on-campus events.
Exemptions for not using ATG

Amount based POs, P-Cards or personal credit cards may be used for on-campus catering events only under the following special circumstances:

- High-end events that require the use of well trusted catering companies that are currently not listed as vendors in ATG (i.e. major donor events, leadership retreats)
- Vendor quote through ATG found to be more costly than the same order from the same vendor’s website (i.e. due to various fees listed in ATG)
- No vendors found in ATG that would cater for a certain time of the day (i.e. early morning grand rounds)
- No vendors found in ATG that would cater for small size events below any ATG vendor’s minimum purchase dollar amounts
- Events in which departments choose to purchase food from grocery type stores that would be way more cost effective than going through ATG (i.e. Safeway, Costco etc.)
Process for using a non-ATG vendor for an event on-campus

• Contact SCM (or myself) to see if there are other options to use ATG. Often, ATG can rectify a price mismatch with the vendor within 48hrs, add a new vendor to ATG or can suggest another approach.

• If no other option but to use a non-ATG vendor, the requester should note the reason why, either separately or in the notes, attach supporting documents e.g. a screen shot of the vendor’s website and ATG's if a price mismatch.

• If the event is exceptional (morale event or per-person cost is in excess of the non-exceptional limit etc.) the requester should follow the usual process.

• Using a non-ATG vendor for an on-campus event does NOT make the expense exceptional by itself.
# Ways to Procure

<table>
<thead>
<tr>
<th>On-Campus Event</th>
<th>Off-Campus Event</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>America To Go</strong></td>
<td><strong>Facility Rental Form</strong></td>
</tr>
<tr>
<td>• Staff morale event</td>
<td>• Facility Rental (including catering)</td>
</tr>
<tr>
<td>• Staff work meeting</td>
<td></td>
</tr>
<tr>
<td>• Guess business meeting</td>
<td><strong>Meals &amp; Entertainment PR Form</strong></td>
</tr>
<tr>
<td>• Recruitment, programmatic and on-the-job meals</td>
<td>• No Facility Rental just F&amp;B/Catering</td>
</tr>
</tbody>
</table>

**P-card**
- Dine-in or catering at an off campus location
- Grocery store purchases

<table>
<thead>
<tr>
<th>On-Campus Event with No viable ATG option</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Amount Based PO/ P-card</strong></td>
<td></td>
</tr>
<tr>
<td>• No vendor available for time of delivery,</td>
<td></td>
</tr>
<tr>
<td>• Due to small event size and ATG vendor's dollar minimum on order,</td>
<td></td>
</tr>
<tr>
<td>• Grocery store purchase</td>
<td></td>
</tr>
<tr>
<td>• An event that has highly specialized catering needs.</td>
<td></td>
</tr>
</tbody>
</table>
Resources

For assistance with using the ATG Punch-out in BearBuy, contact

UCSF IT Service Desk at (415) 514-4100 (Option 2) or appsupport@ucsf.edu.

If you have caterer suggestions, please send your list to bearbuy@ucsf.edu.

For more information, please visit the SCM ATG web page, which includes:
• An overview of the program and how to get started
• Videos, presentations, FAQs and quick reference guides
Approvals
Other Approval Processes:

Payment mechanisms outside MyExpense and BearBuy

Exceptional approval through Email and upload to:

- BearBuy – If the requester did not add Simon Schuster and Denise Lau as adhoc approvers 1&2 respectively, a supplemental form must be completed and emailed to Simon Schuster.
- America To Go – Same as above.

Exceptional approval through Email and retained in department SAS115 files:

- Connexxus
- Catering Re-Charge Program, managed by CLS
- P-Card using the P-card approval form.
Accounting
The Account chartfield denotes the nature or type of the transaction. The Account number is a **required** field on all transactions.

Examples are:

<table>
<thead>
<tr>
<th>Code</th>
<th>Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>57200</td>
<td>Business meetings excluding alcohol</td>
</tr>
<tr>
<td>57250</td>
<td>Social activities/entertainment/alcohol</td>
</tr>
<tr>
<td>54101</td>
<td>Rental of equipment</td>
</tr>
<tr>
<td>57150</td>
<td>Travel business airfare</td>
</tr>
<tr>
<td>57252</td>
<td>Travel business non-airfare</td>
</tr>
<tr>
<td>57804</td>
<td>Parking/transport-other expenses</td>
</tr>
<tr>
<td>57253</td>
<td>Travel fund raising, lobby, alumni</td>
</tr>
<tr>
<td>57851</td>
<td>Employee recognition/ award/ bearhugs</td>
</tr>
<tr>
<td>57843</td>
<td>Donations/contributions</td>
</tr>
</tbody>
</table>
# Function Code

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>Valid Use</th>
</tr>
</thead>
<tbody>
<tr>
<td>40</td>
<td>Non-Clinical Instruction</td>
<td>Instruction, Teaching and Training</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- CME</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Resident/fellow activities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Student activities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Graduation expenses</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Lecturer dinners</td>
</tr>
<tr>
<td>41</td>
<td>Clinical Instruction</td>
<td></td>
</tr>
<tr>
<td>43</td>
<td>Academic Support</td>
<td>Administrative Support</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Department staff appreciation events</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Department holiday celebrations</td>
</tr>
<tr>
<td>44</td>
<td>Organized &amp; Sponsored Research</td>
<td>Extramural research contracts and grants activities</td>
</tr>
<tr>
<td>45</td>
<td>Faculty (Research) Support</td>
<td>Department Research Support</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Research faculty business meals &amp; entertainment and travel expenses</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Lab meeting expenses</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Lab team building events</td>
</tr>
<tr>
<td>46</td>
<td>Clinical Operations (Patient Care)</td>
<td>Clinical Activities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Clinical faculty business meals &amp; entertainment and travel expenses</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Clinical staff meeting expenses</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Clinical staff appreciation events</td>
</tr>
<tr>
<td>62</td>
<td>Public Service</td>
<td>Activities benefiting primarily the public</td>
</tr>
</tbody>
</table>