

SOM Exceptional Expense Guidelines  
Frequently Asked Questions  
Last revised: 10/15/2017

I. BUSINESS MEETING MEALS

**A. We hold weekly administrative meetings at which lunch is served. Does the new policy impact whether we can continue to serve lunch at these meetings?**

Yes. Under the "frequency limits" in the most recent version of the [University of California Business and Finance Bulletin BUS-79 \(Expenditures for Business Meetings, Entertainment, and Other Occasions\), revised September 12, 2007 \(BUS-79\)](#), meals can be provided no more than once a month, or twelve times per year, per group. In addition, light refreshments should be limited to no more than twice per month, per group.

**B. Are refreshments provided during monthly Management Service Officer Meetings subject to the frequency limits?**

Yes. The frequency limits apply to "business meeting expenditures", which are [defined by BUS-79](#) as expenditures for meals or light refreshments and related services "incurred in connection with meetings of employees to conduct official University business."

**C. Do the frequency limits apply to educational activities, such as grand rounds, seminars, conferences, or journal clubs?**

Yes. The frequency limits apply to meals provided in connection with educational activities, as well as administrative meetings. However, meals provided at some of these activities may be allowable, without regard to the frequency limits, as "on-the-job" meals. See below.

**D. Are Continuing Educational Meetings subject to the frequency or pp meal limits?**

No. Meals and light refreshments provided to students and funded by self-supporting educational programs are exempt from the per-person maximum rates included.

**E. Our department often provides lunch at grand rounds lectures. This is because many residents and fellows, who are on call or on duty at the Medical Center, can only attend these events during their lunch hour. Do these lunches count towards the frequency limits?**

No, the frequency limits would not apply in this case. This situation would fall under the limited exception for "on-the-job" meals.

Under this exception, meals may be provided to employees during working hours and on-site, outside of the frequency limits. The rationale is that the employee's duties prevent him or her from obtaining a meal during regular meal periods, and that the meal is provided for the convenience of the employer, not the employee. It is significant that the residents and fellows' availability to attend the lectures is limited to the lunch hour, because the exception does not apply to meals served at meetings that could reasonably occur at other times.

As always, all expenses must be reasonable and within all other applicable rules.

- F. We often have faculty and trainees who do clinical work, but who may not be on call or on duty at the time of a particular meeting where food is served. For example, residents may attend grand rounds lectures when they are on research rotations. In practice, we obviously wouldn't be able to feed some attendees (who are on call or on duty) and not others. Would the frequency limits apply to the food served in this case?**

The exception for "on-the-job" meals applies to meals served at meetings attended by both on call or on duty patient care staff and other employees (both patient care staff and administrators), as long as a significant number of attendees are on call or on duty and the meeting could not reasonably be held outside of meal times.

- F. Do the frequency limits apply where meeting attendees vary from week to week? For example, educational activities may be attended by a changing mix of students, faculty and staff.**

The frequency limits are applied on a group basis, i.e., by department, administrative unit or other group, or type of meeting. If a weekly meeting is attended by different groups each week, the frequency limits would not apply.

However, if the weekly meeting is attended by substantially the same individuals each week, then the frequency limits would apply. This determination requires judgment, and a useful question to ask is whether the same individuals are receiving meals or light refreshments more frequently than allowed.

- G. We have committee meetings over an eight-week period, at which lunch is provided on a weekly basis. Does that violate the frequency limits?**

[BUS-79 provides that:](#)

"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."

- H. Does the "on-the-job" exception apply to meetings for students where pizza or light refreshments are served? The students are not house staff (i.e., residents or clinical fellows).**

No. However, there is another limited exception to the frequency limits, for meals and light refreshments served at student meetings in support of the "University's educational programs". Examples of these types of meetings are provided at BUS-79, Section III.A.2b.

- I. Is pizza a meal or light refreshment? Can you give a dollar amount as guidance for distinction between the two?**

Pizza is a meal unless presented as an hors d'oeuvre for many individuals. This really becomes a judgment call based on the types of refreshments being offered and the number of attendees.

- J. We would like to invite the lecturer's spouse to a lecture dinner but they doesn't really participate and therefore adds no real value to the meal other than being the spouse of the lecturer.**

In circumstances such as this we would allow the lecturer's spouse to attend. We would also allow the faculty spouses to attend but only when the business guest's spouse attends. See chart 2 on slide 6 of the Exceptional Expense Training Document.

## II. EMPLOYEE MORALE BUILDING ACTIVITIES

- A. Can there be only one morale-building event, such as a staff picnic, per year? What if the department holds a series of smaller events over the year?**

The department can hold more than one employee morale-building event per year but under the frequency limits described above, where meals or light refreshments are served, that will impact the total number of other events at which meals or light refreshments may be served.

- B. Our department is hosting a reception in honor of our new chair. Of course, we are also inviting the chair's spouse. Are the expenses for the reception, including expenses attributable to attendance by the chair's spouse, allowable?**

Yes, expenses for new employee receptions with the spouse or partner attending are allowable. As with other employee morale-building events, the expenses must be approved by an individual with the authority to approve exceptional expenditures, whether or not they are within University expenditure limits.

Although attendance by the chair's and host's personal guests at the reception is not unusual, entertainment expenses attributable to personal guests of other attendees are allowable only in very limited circumstances.

- C. Can we use University funds for gatherings to celebrate employee birthdays, weddings, or anniversaries? What about a gathering to celebrate the birth of an employee's child?**

No. University policy provides that "under no circumstances" can University funds be used for occasions of a "personal nature", including employee birthdays, weddings and anniversaries.

## III. EMPLOYEE RECOGNITION AWARD AND OTHER GIFTS

- A. At the end of the year, our department gives three employee recognition awards to employees who have provided exceptional service during the year. This year, we plan to purchase a department store gift certificate worth \$200.00 (redeemable in cash), theater tickets worth \$75.00 (plus a processing fee of \$7.50) and a voucher that is redeemable for a massage, personal training or other similar service at the UCSF Fitness Center worth \$50.00. Is this allowable under University policy?**

University policy provides for awards to recognize noteworthy work-related accomplishments. However, the cost of the gift certificate exceeds the expenditure limit for employee recognition awards. The limit for such awards is \$75.00. If the value of an award exceeds \$75.00, the entire amount is taxable. Therefore, awards of greater than \$75.00 should be avoided.

However, even if the amount of the gift certificate were within the expenditure limit, it is not allowable because gift certificates cannot be redeemable for cash (or able to reduce the balance on the recipient's credit account with the merchant). Only gift certificates that are the equivalent of *tangible personal property* are allowable, and a gift certificate that is redeemable for cash is treated as a cash equivalent. Also, gift certificates must be non-transferable and should be inscribed with the recipient's name. The same rules that apply to gift certificates also apply to gift cards; however, if a gift card cannot be inscribed with the recipient's name, the department should notify the recipient in writing that the card is not transferable.

The cost of the theater tickets would be allowable, provided that they are not transferable and are not redeemable in cash. The cost of the tickets is within the University limit. The processing fee (or other similar fees for engraving, packaging, insurance, sales tax and gift wrapping) does not count towards the limit. However, the theater ticket expense (together with expenses for tickets to sporting and musical events) must be approved by an individual with the authority to approve exceptional expenditures, whether or not the expense is within the University limit.

Although the cost of the voucher is within the University limit, the voucher will be treated as taxable income to the recipient because it is redeemable for *services*. Employee recognition awards should be items of tangible personal property, and services do not constitute tangible personal property.

Please note an employee may not receive more than three such awards in a calendar year.

- B. Our department has an annual holiday party with a door decorating contest. As first prize, we award a one-month parking permit worth \$250.00. As second and third prize we award gift certificates that range in amount from \$10.00 to \$75.00. Is the cost of the holiday party allowable? Although the prizes are not employee recognition awards, is the cost of the prizes allowable?**

The expenses for the holiday party are allowable, provided that they are reasonable and within University limits. However, because a holiday party is an "employee morale-building event", expenses associated with the party must be approved by an individual with the authority to approve exceptional expenditures, whether or not they are within University limits.

The cost of the gift certificates is also allowable, provided that they are non-transferable or redeemable in cash and are transcribed with the recipient's name.

The cost of the parking permit is allowable, up to \$220.00. The remaining \$30.00 would constitute taxable income to the employee. (If, however, the amount of a gift certificate exceeded the expenditure limits, the *entire* amount would be treated as taxable income to the employee). In addition to the expenditure limits, the parking permit must conform to the other requirements applicable to employee recognition awards described above (i.e., not redeemable for cash and non-transferable).

- C. University funds may be used to purchase a “sympathy gift” in the event of a death or major illness of an employee or a member of the employee’s family or household. Can University funds also be used to purchase a gift for the birth of a colleague’s child? What about a holiday gift, or a birthday, wedding or anniversary gift?**

Expenses for gifts for the birth of a colleague’s child are allowable, though holiday gifts, wedding gifts, anniversary gifts and other gifts of a personal nature cannot be reimbursed from University funds.

Expenses for gatherings or meals to celebrate births, birthdays, weddings, anniversaries and other events that are personal in nature cannot be reimbursed from University funds, although expenses for holiday gatherings (see above) are allowed, as long as the expenses are reasonable in amount and otherwise in accordance with University policy.

- D. Our department would like to donate \$300 to a non-profit organization in memory of a staff member who passed away recently, and whose partner has requested donations to this organization in lieu of flowers to this organization.**

**I am requesting \$300 because we would most certainly have given the staff member the maximum retirement gift of \$400 and donating the "sympathy flowers" maximum of just \$75 doesn't reflect how much he meant to us and to UCSF.**

Up to \$200 of the donation may be reimbursed from University funds, provided that the donation is approved in advance by University Relations Paul Takayama. The remaining \$100 could be funded by personal contributions from departmental employees.

- E. Can University funds be used to purchase a “retirement” gift for an employee who has worked for our department for ten years and who is transferring to another unit within the School of Medicine, but who is not yet retiring?**

No. However, it may be appropriate to provide a “length of service” award. Such awards may be given for length of service achievement to employees who have completed at least five years of service, where the employee has not received such an award in the last four years. The non-exceptional expenditure limit for length of service awards is \$400, which is the same limit that is applied to retirement gifts.

#### IV. INTERVIEWEE TRAVEL

- A. Is approval by the Dean or the Dean’s designee required for all interviewee travel expenses?**

No. Travel costs for the interviewee’s first visit are non-exceptional and may be approved by the department, provided that the costs are within University limits.

Travel costs for subsequent interviews and any travel costs for the interviewee’s spouse, domestic partner or other partner are exceptional and must have final approval by the Dean or the Dean’s designee.

All expenses associated with interviewee travel must conform to University policy – i.e., travelers must use the most economical mode of transportation and customary route consistent with the purpose of the trip, and subsistence expenses must be reasonable in amount.

**B. The School of Medicine Exceptional Expense Guidelines provide that the University may pay the cost of travel for interviewing prospective employees, when “such costs are necessary to acquire key personnel.” Who determines whether a position requires “key personnel”?**

The department that is recruiting for the position should determine whether the position requires “key personnel.” Please see UCSF Policy 300-37, *General University Travel*, which provides that interviewee travel expenses may be reimbursed where the open position requires “specialized training or experience of a professional, technical or administrative nature.”

**C. What about expenses for children?**

Travel and accommodation expenses are allowable as well as other reasonable expenses. Please note that once an offer is extended, family travel is governed by the rules for relocation expenses.

V. ALCOHOL AT UNIVERSITY SPONSORED EVENTS

**A. It would be helpful to have some guidance regarding “reasonableness” of expenses for alcohol in recruitment situations.**

Reasonableness would need to be judged by the department head, keeping in mind the following general principles, which are set forth in BUS-79:

Expenditures must be prudent and reasonable in both fact and appearance;  
Expenditures that are, or that appear to be, lavish and extravagant, are not allowable.

In determining whether expenses for alcohol are reasonable, it may be helpful to consider the following:

Whether the cost of the meal, including alcohol, is within University limits.

The cost of the alcohol (i.e. was the wine or other alcohol moderately priced or expensive).

The portion of the total cost that is attributable to alcohol.

The amount of alcohol that was consumed per person. For example, two glasses of wine per person at a recruitment dinner would generally be considered reasonable.

A dinner for 30 people with 15 bottles of wine would clearly not be reasonable.

It is highly recommended that the event organizer, rather than the guest, select the wine or other alcohol to ensure that appropriate guidelines are followed. The Dean’s Office often pre-selects wines in advance of dinner meetings to control wine expenses.

VI. TRAVEL EXPENSES PAID BY NON-UNIVERSITY ENTITY

**A. When my travel expenses are paid by another entity, I often charge the expenses to our departmental account and reimburse the department as soon as I receive funds from the appropriate organization. Is this allowable?**

From October 15, 2017 this is now allowable. However, all expenses charged to a University fund must still conform to UCOP rules and regulations.

For example: if the 3<sup>rd</sup> party approves a business class seat, but the traveler is temporarily funding the travel, UCSF will still need to approve the expense under the G-28 policy and may ultimately dis-allow the upgrade.

In addition, the traveler's signature or electronic submission acts as certification of the following:

- The University is not being charged for any expenses already reimbursed by a third party entity directly to the traveler, and
- Any expenses charged to the University that are reimbursed by a third party entity will be returned to the University by the traveler.

**SOM Exceptional Expense Cheat Sheets**

**Submitting Business Related Meal Or Event Expenses**  
Requester or Delegate Role/ UCOP Policy 905-79

**P-Card exceptional expenses**

1. Complete p-card exceptional expense form.
2. Attach note the fund source.
3. E-mail packet to SOM Dean's Office.

**Points To Remember For All Reimbursements Methods:**

1. Working throughout report should describe business purpose not mingle with leisure activities.
2. For missing receipts or food & beverage receipts, non Receipts, attach a missing receipt form.
3. Chartering should be suitable for the event.
4. The correct Expense/meal type has been chosen.
5. Justification added if expense is exceptional.
6. Other supporting documents attached (i.e. agenda).
7. Attach all receipts.
8. Include spread sheet of all costs.

Meal Type	Requester/Approver/Host Role	Reimbursement Per Person - Requester/Approver/Host Role
Breakfast	Requester/Approver/Host Role	\$22.00 to \$24.00
Lunch	Requester/Approver/Host Role	\$47.00 to \$54.00
Dinner	Requester/Approver/Host Role	\$112.00 to \$120.00
*Light Refreshments	Requester/Approver/Host Role	Up to \$18
Non-Alcohol & Beverage Costs for any meal	Requester/Approver/Host Role	Up to \$100

**Business Event/ Requester or Delegate Roles**

**Business Event/ Approver Role**

**Business Event/ Host Role**

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