

**COLORADO STATE UNIVERSITY**  
**Financial Procedure Instructions**  
**FPI 2-1**

1. **Procedure Title:** Expenses for Authorized Business Functions
2. **Procedure Purpose and Effect:** The purpose is to define the procedures of authorized business functions.
3. **Application of Procedure:** This procedure applies to all expenditures made with university funds for authorized business functions.
4. **Exemptions:** There are no exemptions from this policy.
5. **Definitions:** The following definitions apply to all expenditures of University funds for authorized business functions:

**A. Authorized Business Functions**

A meeting, conference, reception, meal, or other event or function that is not classified as travel, where food, beverages, or entertainment expenses are incurred for the net primary benefit of the university in connection with one or more of the following: working meetings; training/professional development; guest/student hospitality; employee/student recruiting; promotion and advancement; recognition events and awards; or educational outreach.

**B. Authorized Business Function Representative**

A Senior Administrator as defined in Financial Rule 1.5.2 or other individuals approved by the President's Office to serve as an authorized business function approver must review and approve all authorized business function activities and their related costs. To approve documents within the Kuali Financial System (KFS) the authorized business function approver requests access by completing the Application for Authorized Business Function Approval form (see Forms and Tools). This role is denoted in KFS as HOSP-department number (i.e. HOSP-6003).

**C. Gifts, Donations or Charitable Contributions**

Goods, funds or services given from University resources without consideration of an act or achievement providing clear, direct and justifiable benefit to the University is strictly disallowed with University funds, unless expressly approved in advance by the University Controller.

**D. Hospitality**

The act of providing food, beverages, or entertainment for the net primary benefit of the University.

**E. Personal or Unofficial Business Expenses**

Costs which recognize personal occasions, or do not produce a primary benefit for the University are unallowable (e.g. gifts; flowers; clothing; birthday parties or cards; food and beverages not associated with authorized business functions, recruiting, training or travel; medicines; club memberships; etc.).

**F. Primary Benefit to the University**

A financial benefit or advantage provided to the University primarily in support of its mission or goals that can stand alone in its justification to the exclusion of any personal benefit that may accrue to the participants, and that is reasonably calculated to exceed the cost of providing such primary benefit.

**G. Promotion and Development**

Activities conducted to foster the advancement of University financial and civic responsibilities. All associated costs must be reviewed for reasonableness and prudence to avoid any actual or perceived abuse of University resources.

**H. RamCash**

RamCash is considered a cash equivalent. Any RamCash award that is given to an employee must follow the procedures outlined in this FPI. All RamCash awards that are given to students should follow the procedures for Cash Awards in FPI 2-5, Payments to Students. RamCash should not be given to individuals as a form of payment for services. Payments for services should be processed through payroll for employees and processed through Accounts Payable for Independent Contractors.

RamCash can be purchased in advance for Authorized Business Functions. An Authorized Business Function form must be attached to all Internal Orders for RamCash purchases related to advance Authorized Business Functions. An example would include purchasing cards for office staff to use for an Authorized Business Function lunch meeting where it may be less expensive to purchase RamCash than to cater the event. Internal Controls over RamCash are required at all times. Each department must have written procedures in place that provide for the proper safeguarding of RamCash. At a minimum, the following internal controls must be in place:

- Responsible Person is designated for the department as the custodian of the RamCash. The Responsible Person acts as the administrator by purchasing via an Internal Order, securing, dispensing, and tracking the RamCash.
- RamCash must be held in a secure place (i.e. lock box).
- RamCash should be logged in a spreadsheet that uniquely identified each card in order to document the appropriate use of the card for audit purposes. At a minimum, information must include RamCash Card number, purchased amount, used amount (with support), and remaining balance.

**I. Recognition Events and Awards**

Events held for the purpose of recognizing the accomplishments and/or contributions of employees or non-employees to the success of the university and its programs, and awards presented to employees or non-employees in connection with such recognition. Examples include retirement receptions, milestone celebrations and the like. A department may not expend more than \$50 per person, per event or \$100 per person, per year at all such events, or such lower amounts as may be set by the responsible Senior Administrator, without the express prior permission of the President (or President's delegate/designee).

**J. Recruiting - Student or Employee**

Activities and expenses related to seeking and securing new students or employees, including travel and reasonable hospitality expenses. This procedure does not cover expenses related to recruiting of student-athletes. Contact the Department of Athletics for more information.

#### **K. Training**

Functions conducted to educate University employees or customers in achieving established program objectives of the University. Expenditures may include registration fees, instructor fees, meeting and equipment costs, and refreshments or meals when appropriate. Training sessions must take place in a public place and must have a written agenda, study materials and an identified presenter (use object code 6649-authorized business function for food and beverage portion of a training event. Use object code 6633-professional development for training with no food or beverages). Alcoholic beverages may not be served during the training session. In the case of a training session hosted by a non-university entity, employees may consume alcohol provided as part of the training session only after the training session is complete.

#### **L. Working Meetings**

Meetings during which business of the university is being conducted, when, for the sake of time, efficiency and continuity, it is reasonable to furnish food and beverages to the participants during the meeting at university expense; or at a place other than a university facility, when the business reasons for choosing such a venue are documented on the Authorized Business Function Approval form.

### **6. Procedure Statement:**

Any event or activity that does not fall within one of these categories is not an authorized business function, and University funds may not be expended on food, beverages, entertainment, facilities rental, or any other expense in connection with such event unless expressly authorized by these rules.

#### **A. Events**

- Working meetings (Object Code 6649)
- Training sessions (Object Code 6649)
- Guest hospitality (Object Code 6649)
- Recruiting (Object Code 6627-Employee Recruiting/Object Code 6626-Student Recruiting)
- Promotion and development (Object Code 6649)
- Recognition events (Object Code 6649)
- Authorized Business Function Service Payments (Object Code 6749)-All the events listed above should use object code 6749 if IRS Form 1099-reportable services are performed in connection with the event. If expenses for both authorized business function supplies and authorized business function services are incurred for an event, the expense should be allocated as appropriate between object code 6649 and object code 6749.

Authorized business function expenses should be documented using either the BFS [authorized business function form](#) or a departmental authorized business function form including all items on the BFS form and must be approved by Campus Services prior to use. Kuali workflow is adequate approval of the authorized business function, however, the authorized business function form must be attached to the Kuali document.

The Kuali Financial System (KFS) requires the business authorized function approver to electronically approve any transaction that uses object code 6649. When using object code 6649, it is not required to have the authorized business function form signed by the business authorized function approver, since it is electronically approved in KFS. However, it is recommended to have the expense approved before it is incurred.

All non-employee travel expense purchases made using the University PCard need to have the Authorized Business Function form attached to the PCard document, even if these expenses are listed as non-reimbursable expenses on the travel reimbursement document. This includes all allowable non-employee travel expenses listed in the PCard Manual. If the travel expenses are reimbursed directly to the traveler the ABF form is not required on the TR document.

**Alcoholic Beverages** - Expenses must be appropriate, normal, reasonable and necessary for the occasion. ONLY allowable with authorized business functions or recruiting activities funded from approved sources:

1. Gift Funds: 6430000-6499999
2. Auxiliary Funds: 2602000-2799999
3. Use object code 6650

Expenses for alcoholic beverages may be approved on other accounts if request is made to the Controller in advance of the function. EG funds should never be used for the purchase of alcoholic beverages.

## **B. Tips**

Tips should not exceed what is reasonable and customary. Tips should not exceed 20% calculated on the pre-tax amount. However, if due to rounding to the next whole dollar, the percentage is slightly higher than the 20% threshold, it is allowable. For example, if 20% is \$10.88 of the pre-tax amount, and the individual rounds up to \$11.00, even though it is above 20%, this is reasonable rounding and is permissible.

If extra time is taken at a restaurant, for example, while interviewing a job candidate, then an additional 5% might be reasonable; however, the reason for the additional tip must be included on the documentation submitted, or any unreasonable amount in excess of 20% (excluding rounding) will not be reimbursed.

The tip is only reimbursable for food items, and cannot be reimbursable for the alcohol portion, unless alcohol is purchased on an approved fund source.

## **C. Awards**

1. **Employee Material Awards** – Non-cash mementos over \$100.
  - a) Procurement. Arrange purchase with a disbursement voucher, purchase order, or procurement card as appropriate. Refer to purchasing manual at <http://www.purchasing.colostate.edu/policy/manual.aspx>.

- b) All documents submitted for reimbursement of employee material award items must include the recipient's name, employee assignment number and include a written statement approved by the appropriate college dean or vice president, documenting the purpose of the award, criteria for eligibility, and selection process. Copies of the documentation should also be submitted to Payroll for employee awards for taxation purposes.
- c) Use object code 6659.

**2. Employee Cash Awards** – For all awards of cash or cash equivalents such as gift certificates or gift cards.

- a) Payment. For all awards of cash – either check or ACH payment or cash equivalents submit a memo to the Payroll Office.
  - i. All cash award amounts will be added to the employee's regular salary, subjected to normal withholding, and paid on the next standard payday.
  - ii. If a special check is required, the sponsoring department must notify Payroll at least two weeks in advance.
  - iii. If the award is a cash equivalent, include cash value of the award on the memo to Payroll. The value of the award will be imputed as wages and also be subjected to normal tax withholding.
- b) Documentation. The memo submitted to Payroll must include: the recipient's name, employee's assignment number and a written statement approved by the appropriate college dean or vice president, documenting the purpose of the award, criteria for eligibility, and selection process.
- c) Use object code 6659.

**3. Employee Retirement Awards** – Tangible property up to \$400 in value may be given as an employee retirement award if approved by the responsible Senior Administrator. Awards may only be given to retirees with five or more years' service to CSU, and an employee may not receive more than one retirement award (except for token awards) within a five-year period.

- a) Cash and cash equivalents (such as gift certificates) are unallowable.
- b) Account for presentation ceremonies separately as authorized business functions.
- c) Use object code 6659.

**4. Employee Token Awards** – Non-cash mementos limited to plaques, trophies and mementos under \$100 in value.

- a) Must be established and presented through a formal process.
- b) Gift Certificates or gift cards are not allowed to be issued as employee token awards. These are considered by the IRS to be a cash equivalent subject to income tax and withholding requirements. For cash and cash equivalent awards please see **Employee Cash Awards** above.
- c) Use object code 6659.

**5. Non-Employee Token Awards** – Non-cash mementos limited to plaques, trophies and mementos under \$100 in value.

Awards which formally recognize non-employees for efforts or accomplishments directly benefiting the University. Awards are permissible only when made pursuant to an established award program approved by the President or President's designee. Each award must also be approved by a Senior Administrator or by a responsible Business Officer with authority to approve such awards. Ad hoc awards are not permitted. Non-Employee awards are limited to non-cash mementos under \$100 unless purchased with appropriate gift fund (64 account). Use object code 6660.

6. **Gifts, Donations or Charitable Contributions** - Goods, funds or services given from University resources without consideration of an act or achievement providing clear, direct and justifiable benefit to the University is strictly disallowed with University funds, unless expressly approved in advance by the University Controller.

Gifts and contributions made for development purposes, for which no tangible consideration is received by the University, provide such a benefit if they are reasonably related to encouraging donations to be made or for maintaining existing donor relations, are *De Minimus*, and are reasonable. As used herein, "*De Minimus*" means less than \$100, non-recurring, and for non-cash, token gifts of appreciation, sympathy or recognition. Examples include buying flowers for a memorial service relating to the donor or donor's family, or making a gift of CSU-branded souvenirs or apparel to a donor prospect. The Vice President for Advancement will establish guidelines for development officers and departments to follow in determining what is appropriate. Any unique or special circumstances which could require College/units to exceed the \$100 limit will need prior approval from The Vice President for Advancement or Sr. Associate Vice President for Advancement and any such approval shall not exceed \$500 unless first approved by the Controller on the basis of written justification. All such expenses must be paid using gift (64-fund) accounts.

7. **Reference and Cross-References:** None.

8. **Forms and Tools:**  
[Application for Authorized Business Function Approvals Form](#)  
[Authorized Business Function Form](#)