



## MEMORANDUM

Date: December 6, 2013

To: Chair and Directors, College of Arts and Sciences

From: Philip Ganderton, Senior Associate Dean, College of Arts and Sciences

A handwritten signature in black ink that reads "Philip Ganderton". The signature is written in a cursive, flowing style.

**Subject:** Interpretation of University Administrative Policy UAP 4000: Allowable and Unallowable Expenditures and College guidelines for complying with UAP 4000

Link to Policy on UNM website: <http://Policy.unm.edu/university-policies/4000/4000.html>

This memorandum is intended to assist Departments, Programs and Research Units gain the required pre-approval for allowable expenses, and obtain reimbursement for expenditures under policy UAP 4000, recently revised October 18, 2013. Please remember, pre-approval requests are required in advance of the purchase and should be attached to the appropriate reimbursement request.

Section 1, General of policy UAP 4000 states the following:

*All expenditures of University funds should clearly and directly support the University's mission of teaching, research, patient care, and community service.*

The revised policy continues to refer to allowable and unallowable expenditures for business-related activities. Section 4.1 Business Purpose states:

*To qualify as business expenses, expenditures must be directly related to or associated with the University's mission.*

The College of Arts and Sciences (hereafter, the College) interprets the business of the University to be education: the component activities of teaching and research, and the related activities of service to the community and patient care. Consequently, expenditures associated with organizing and conducting events related to teaching and research involving faculty, staff and students of the

University, faculty and students from other institutions as guests, and members of the community as guests have the potential to be allowable for pre-approval and/or reimbursement.

In Section 5.1 Business Meetings, the Policy includes within the broad category of business meetings the following purposes:

- *Facilitation of the communication of intellectual ideas among students, faculty, staff, administrators, and community members.*
- *Workshops and seminars*
- *Retreats of departments or other units*
- *Working lunches when that is the only available time for all parties to attend the meeting*

The College interprets the list of those attending meetings to include any subset of students, faculty, staff, administrators and those from outside the university, but should always include one of the following; students, faculty from other departments, or people from outside the department or program.

Section 5.1 also includes the following statement:

*Expenditures should be limited to food and non-alcoholic beverages.*

In general the College will not approve reimbursement of alcohol expenditures from I&G indexes, or any other unrestricted fund unless *expressly* allowed. Alcohol may be purchased using Foundation funds so long as there is *explicit language* allowing the fund to be used to purchase and reimburse alcohol. General statements such as “funds may be used in a manner benefiting the department as determined by the department Chair” are *not* sufficient for the College to approve reimbursement of alcohol expenditures.

An exception to this is alcohol purchased at events associated with hiring individuals. Section 5.2 Hospitality Events That Include Outside Parties, includes among the list of examples, *Recruitment of highly qualified faculty and staff*. Section 5.2.1 allows reimbursement of alcohol at hospitality events when alcohol is “customary and reasonable considering the facts and circumstances of the particular event” and is limited to 30% of the food bill (that is, alcohol must be less than 23% of the total bill.)

Section 5.1 also states the following:

*The expenditure of funds for food and refreshments should be cost-effective and reasonable. Generally, meal costs should be comparable to state per diem meal rates, and light refreshments should cost no more than five dollars (\$5.00) per attendee.*

In interpreting this policy, the College offers the following guidelines:

- Recruiting or guest speaker meals should be limited to the guest plus three University representatives.
- The amount requested for reimbursement of meal expenses should not exceed two times per diem for all meals, excluding alcohol and inclusive of tax and tip. For example, dinner with a speaker and three University representatives is limited to \$50.60 per person and a maximum of \$202.40 including tip and tax. Dinner with a job candidate is limited to \$202.40 plus no more than \$60.72 for alcohol.
- In exceptional circumstances the following limits cannot be exceeded: two times per diem for breakfast and lunch and three times per diem for dinner inclusive of tax and tip.
- Generally alcohol is a personal choice and a personal expense. I&G funds should not be used to purchase alcohol. Other unrestricted funds may be used to purchase alcohol so long as the purchase complies with the policy discussed here.
- Incidental expenses, even those relating to a visit of a position candidate or guest such as coffee, candy, canned or bottled drinks, are not reimbursable.
- Reimbursement requests will only be processed for amounts over \$15. Smaller expenses may be combined so long as they relate to the same visit, or event.
- Grading sessions are considered an integral part of University business and are allowable, but are limited to \$5.00 per GA/TA for food and refreshments.
- Parties, such as holiday or birthday, are not allowable. Potlucks are considered personal/social events, so no reimbursement is allowed for food or incidentals related to such events.
- Course fees are not considered an appropriate source of funding for food or speaker entertainment expenses unless it has been *specifically approved* by the Provost's office. Course fees are I&G funds, so no alcohol will be allowed, and limitations discussed herein apply if food is Provost approved.
- Greeting cards, flowers, gifts for employees, sympathy gestures, decorations, etc., are unallowable expenses.

Handy calculator:

<u>Current Per Diem \$46</u>	<u>2 x's Per Diem</u>	<u>3x's Per Diem</u>
Breakfast: \$9.20	Breakfast: \$18.40	Breakfast: N/A
Lunch: \$11.50	Lunch: \$23.00	Lunch: N/A
Dinner: \$25.30	Dinner: \$50.60	Dinner: \$75.90

Section 5.1 also indicates that “(F)ood may be provided at meetings of University employees on an occasional basis.” The College interprets this to mean that regularly scheduled meeting such as faculty meetings, or research group meetings are excluded under the Policy. However, if the meeting has a purpose beyond “regular business,” such as a brown-bag lunch with an invited speaker, or outside visitors, it would be allowed. Retreats held once per semester, or once per year with the intent

of planning or development of the academic direction of the department would be considered occasional.

Section 5.4 Food and Refreshments for Student Events and Meetings recognizes the role expenditures play when including students in the educational activities furthering the mission of the University. For example, the list of events for which expenditures are allowed includes:

*Events or meetings that promote the communication of intellectual ideas among students, faculty, staff, administrators, and representatives of the public.*

The College interprets this section to allow reimbursement of food and non-alcoholic beverages at events where students are invited and participate in educational (instruction and/or research) activities, subject to the limits herein.

Although the College submitted suggestions to exclude it, the stand-alone section 15, Public Purpose (“Payment for any other good or service that does not represent a public purpose benefiting the University *is prohibited.*” – italics in original) remains in the Policy, without any definition of public purpose, or examples. The College cannot provide an interpretation of this section, and feels it too general to be applicable.

These are the requirements set forth by the College of Arts and Sciences. Departments are welcome to develop their own policies provided they are more restrictive than those of the College.