Employees who incur or approve expenses for hospitality, alcoholic beverages, entertainment, and other special expenses must exercise prudent judgment to ensure that the expenses are for legitimate University business and comply with the Hospitality, Alcohol, and Other Special Expenses Allowability Grid, regardless of funding source.

**Food for Staff Meetings**

- Food purchased for staff should be infrequent.
- Justification for any food and/or beverages provided at staff meetings must include both the business purpose AND a copy of the meeting agenda.
- In addition, if food is provided at a meeting of only University staff/faculty that takes place over the noon hour, you need to explain why the meeting could not have taken place at a different time of day and why the University should pay (or reimburse) for food provided. Just because the meeting is over the noon hour does not mean lunch must be served.
- Documentation must include a list of attendees.
- Keep in mind that business meals may be subject to a higher level of public and regulatory scrutiny than other meeting or event expenses.

**Group Meals (visiting scholars, recruiting, etc.)**

- This type of group meal is typically held at an outside restaurant and paid for with a University Pcard or personal credit card of the faculty host.
- No alcohol can be charged to a University Pcard. See alcohol policy on next page.
- This type of group meal may also be hosted by faculty during business travel to conferences.
- Original itemized receipts are required with complete justification (5 Ws).
- Justification must include both the business purpose and benefit to the University.
- Documentation must include a list of attendees.
- Medical School policy limits group meal expenses to $100 per person (including tax & tip). However, your department may have a lower limit. Check with your accountant.

**Tipping**

- Maximum tip is 20% on the total BEFORE tax.
- Be aware of any tip (gratuity, service fee, etc.) automatically added to the bill by the restaurant, which is typical when a larger group of people is being served.
HOSPITALITY
MNPI Admin Center

- If purchasing a large catering order, use discretion or consult an approver for guidance in calculating the tip, especially for simple catering.
  - “Simple catering” refers to food prepared off-site and delivered to the event location, where the tip would go to the delivery person. For example, a $300 tip (20%) on a $1,500 catering order from Jimmy John’s would be excessive.

Alcohol

- All alcohol must be purchased with private funds.
  - Foundation or Private Practice - See University Fund Types
  - Pcards cannot be used to purchase alcohol.
- All alcohol served on campus must be approved in advance by the Office of Risk Management by submitting an Alcohol Use Application not less than 15 days prior to the event. (Form located in the Forms Library - http://policy.umn.edu/forms-library).
- The amount spent on alcohol should not be excessive.
- Some things to consider when deciding to purchase or serve alcohol:
  - Does your department have the funds to cover this expense?
  - Would the amount or price of the alcohol served seem excessive to the public?
  - You are responsible – what action would you take if someone drank too much?
  - Does the nature of the event warrant serving alcohol?
  - Would you buy this if you were paying for it yourself?

Recognition/Appreciation Gifts

Departments are encouraged to recognize employees for their contributions to the University. The Internal Revenue code stipulates that the value of some awards must be included in an employee’s income and provides exclusions for other awards. See https://policy.umn.edu/finance/hospitality-appd.

A certificate, card or coupon that allows an employee to receive a specific item of personal property that is minimal in value, provided infrequently, and is administratively impractical to account for may be excluded as a de minimis fringe benefit, depending on the facts and circumstances. The University considers an award of property or service with a value of $100 or less to be minimal in value. The exclusion from income for de minimis fringe benefits only applies to employees.
- Staff and non-staff gifts should be non-cash and less than $100. Any gift valued at or over $100 is taxable to the individual.
- Should be able to withstand public scrutiny.
- All employees should be considered for awards if a department has a formal recognition program.
- Thresholds are different for retiree/long term employee departure gifts. They should be consistent with University catalog programs.
- When gift cards are purchased for employees:
  - Names and employee ID numbers of the recipients must accompany the receipts and justification for reporting purposes.
  - The monetary value of a gift card is considered “taxable income” by the IRS, regardless of the denomination. Departments can choose to pay for the taxable income by “grossing up” the gift card.
- Gifts to non-staff must support the mission of the University and should be given to honor extraordinary service to the University.
- Student gift awards. A distinction needs to be made between payments to reward employees versus situations where students are given an award to recognize their academic excellence, e.g., a competitive poster session where prizes are awarded. If the gift card value is over $100 this would be reportable to financial aid and over $600 for 1099 reporting purposes.
- In all cases the reason for giving the gift should be documented.

**Examples of Nontaxable de minimis benefits:**

- Coupon for specific merchandise from the U of M Bookstore (e.g., cap, T-shirt, or pen set) occasionally provided to recognize employee excellence: Employee may choose the color and size when redeeming coupon, but may not apply the cash value to purchase a more expensive item or choose a less expensive item and receive cash back.
- Coupon that can be redeemed only for one type of item (at a specific business) occasionally provided to recognize special circumstances or employee excellence: Employee receives coupon for a free ice cream cone at specific ice cream shop. The employee may choose the ice cream flavor for the cone, but may not apply the value of the coupon to purchase a more expensive item.

**Examples of Taxable de minimis benefits:**

- A gift card or certificate redeemable at a specific store, e.g., UM Bookstore, Target.
Prepaid gift cards, such as American Express or Visa gift cards that may be used at any retailer accepting debit cards.

**Minnesota Statute 15.43: Acceptance of Advantage by State Employee: Penalty**

No employee of the state or of the University of Minnesota in direct contact with suppliers or potential suppliers to the state or the university, or who may directly or indirectly influence a purchasing decision or contract by establishing specification, testing purchased products, evaluating contracted services, or otherwise has official involvement in the purchasing or contracting process may:

1. Have any financial interest or have any personal beneficial interest directly or indirectly in contracts or purchase orders for goods or services used by, or purchased for resale or furnished to a department or agency of the state or the university; or

2. Accept directly or indirectly from a person, firm, or corporation to whom a contract or purchase order has been or may be, awarded, a rebate, gift, money, or anything of value other than items of nominal value. No such employee may further accept any promise, obligation or contract for future reward.

Violation is a misdemeanor and may also violate federal regulations regarding sponsored funds.

**Hospitality Guidelines and Reminders:**

- **No holiday parties are allowed.** Departments may host recognition and appreciation events.

**Policy: Hospitality, Alcoholic Beverages, and Other Special Expenses**
[http://www.policy.umn.edu/Policies/Finance/Misc/HOSPITALITY.html](http://www.policy.umn.edu/Policies/Finance/Misc/HOSPITALITY.html)

**Appendix: Expense Allowability Grid**

**Appendix: University Employee Recognition Awards**
[http://www.policy.umn.edu/Policies/Finance/Misc/HOSPITALITY_APPD.html](http://www.policy.umn.edu/Policies/Finance/Misc/HOSPITALITY_APPD.html)

**Form: Alcohol Use Application – University Organization**