

Hospitality Expenditure Policy

University Policy No: FM5600

Classification: Financial Management

Approving Authority: Vice-President Finance and Operations

Effective Date: November 2022

Supersedes: September 2012

Last Editorial Change:

Mandated Review: November 2029

Associated Procedures

[Hospitality Involving External Guests](#)

[Hospitality Involving Employees Only](#)

Purpose

- 1.00 The purpose of this policy is to ensure that Hospitality expenditures paid by the university are managed in a consistent and cost-effective manner that supports the institutional mission with a clear university purpose.

Scope

- 2.00 This policy applies to expenditures from all sources of funding administered by the university although Hospitality costs pertaining to research, specific purpose, and restricted funds may only be incurred if they are permitted by the terms and conditions of the funding agreement, award, or contract.

Definitions

For the purposes of this policy:

- 3.00 **Hospitality** means the provision of food and beverages, social or recreational activities, events and functions, and gifts in support of the educational, research, or service activities of the University of Victoria. Hospitality normally involves:
- (a) the hosting of an external individual; or
 - (b) employee-only activities such as work meetings, social functions, gifts, and awards.
- 4.00 **External individual** means guest, visitor, prospective faculty, staff, or student, benefactor, or stakeholder. Spouses/partners of university employees are normally not considered external guests.

Guiding Principles

- 5.00 As a publicly funded institution, the university is accountable for the effective and efficient use of its resources and for ensuring those resources are deployed in the best possible way.
- 6.00 While the university recognizes that Hospitality expenditures will be incurred in carrying out its teaching, research, and service activities, for many departments these expenses are expected to be minimal. The number of visitors being hosted and the number of university employees attending should be reasonable and appropriate to the purpose of the event.
- 7.00 There is a long-standing tradition at the university of faculty and staff voluntarily contributing to gifts in honor of fellow members of faculty and staff and to departmental social funds. Nothing in this policy is intended to discourage this tradition.

Policy

- 8.00 The university recognizes that Hospitality expenditures may be incurred in carrying out its teaching, research, and service activities. Hospitality expenditures in support of the university's mission will be subject to the procedures issued by the Vice-President Finance and Operations and provided that the expenses are:
 - (a) **Properly approved** – expenditures must normally be signed off by the individual's supervisor or "one-over-one" authority and the applicable accountholder or delegate;
 - (b) **Reasonable** – a reasonable expense is deemed to be based on sound judgment, prudence, and moderation; and
 - (c) **Appropriately documented** – appropriate documentation includes original receipts or receipt images and records indicating the number of attendees and a statement of justification for the expenditure. Names of the attendees may be requested for clarification and reporting purposes.
- 9.00 An individual incurring expenditures is personally responsible for expenses that exceed reasonable limits or are not in compliance with this or other policies.
- 10.00 Non-compliance with this policy will result in an adjustment to the expense claim to an amount defensible to a reasonable and impartial observer, or the claim may not be processed if it does not have the required supporting documentation or proper approval, including credit card paid expenses that may result in repayment.
- 11.00 A description of the types and levels of expenditures that can be incurred with respect to Hospitality can be found in the related procedures established by the Vice-President Finance and Operations.

Authorities and Officers

12.00 The authorities and officers for this policy are:

- i) Approving Authority - Vice-President Finance and Operations
- ii) Designated Executive Officer - Vice-President Finance and Operations
- iii) Procedural Authority - Vice-President Finance and Operations
- iv) Procedural Officer - Executive Director, Financial Services

Relevant Legislation

[Income Tax Act, RSC 1985 c 1 \(5th Supp.\)](#)

Related Policies and Documents

[Hospitality Involving Employees Only](#)

[Hospitality Involving External Guests](#)

[Liquor Policy \(AD2400\)](#)

[Signing Authority Policy \(FM5100\)](#)

[Travel and Business Expenses Policy \(FM5610\)](#)

Hospitality Involving External Guests

Procedural Authority: Vice-President Finance
and Operations
Procedural Officer: Executive Director, Financial
Services

Effective Date: November 2022
Supersedes: September 2012
Last Editorial Change:

Parent Policy: [Hospitality Expenditures Policy \(FM5600\)](#)

Purpose

- 1.00 The purpose of these procedures is to provide guidance to those individuals incurring or approving hospitality expenditures in determining the categories and levels of expenditures that can be incurred with respect to hospitality expenditures and to set forth the related procedures and approval processes.

Types of Expenditures

- 2.00 Normally hospitality involves an external individual (guest, visitor, prospective faculty, staff or student, benefactor, or stakeholder) that supports the educational, research, or service activities of the university. Expenses may include, but are not limited to: food, beverages, social or recreational activities, and gifts. The following are examples of the most common categories of hospitality.

Meals and Social Functions

- 2.01 The cost per individual for meals and social functions, including alcohol, should be reasonable. In general, reasonable costs are defined as **no more than \$60** per person per meal/function (excluding taxes, tips, room rental, etc). Expenditures in excess of the \$60 per person per meal or function threshold may be approved by a Dean, Executive Director, or more senior administrator. Expenditures in excess of the \$60 threshold for functions and events organized by the Ceremonies Office may be authorized by the Director of Ceremonies.
- 2.02 The consumption of alcohol should not exceed two drinks per person per meal/function. Employees should recognize the risks of consumption and use alcohol responsibly.
- 2.03 Faculty and staff are normally expected to pay and claim their own expenditures but in circumstances where this is not practical, hospitality may be paid and claimed by a single employee. Normally, approval of the supervisor of the most senior employee attending the event must be obtained except where the senior employee passively attends a function without involvement in the arrangements. In this case, the one-over-one signing authority of the less senior employee may approve the expense.

- 2.04 Expenditures for a spouse/partner of the visitor or a university employee (where they are attending in this capacity) must be approved by a Dean, Executive Director, or more senior administrator.
- 2.05 Meals and social functions must be supported by detailed original receipts or receipt images, a written statement of the purpose of the social function, and the number of attendees. Names of the attendees may be requested for clarification and reporting purposes.

Gifts

- 2.06 Modest gifts given to external individuals as a result of the normal exchange between persons doing business together are acceptable provided that ethical and proper business practices are not compromised. In accordance with Canada Revenue Agency guidelines, cash and near-cash (gift certificates and gift cards) gifts are considered taxable income and therefore should not be used.

Ineligible Expenses

- 3.00 Ineligible expenses include but are not restricted to:
- Memberships deemed to be personal or social in nature (e.g., University Club, recreational facilities);
 - Non-business related or personal expenses;
 - Interest charges levied on overdue invoices or credit card statements;
 - Meals included as a part of other expenses (e.g., conferences);
 - Expenses related to a spouse/partner (where they attend in this capacity) unless preauthorized and deemed required for official university business; and
 - Social events deemed to be personal in nature.
- 4.00 At times, special circumstances may arise that warrant exceptions from the list of ineligible expenses. In these cases claims must be approved by the appropriate Vice-President.
- 5.00 Costs pertaining to research, specific purpose, and restricted funds may be incurred only if they are permitted by the terms and conditions of the funding agreement, award, or contract.

Procedures

Payment of Expenses

- 6.00 Payment of external hospitality expenditures can be processed through reimbursement claims or a UVic commercial card. Hospitality expenditures for large functions or events may be paid directly via an approved purchase order and/or supplier invoice, subject to the requirements of the university Purchasing Policy (FM5105).
- 7.00 Reimbursement claims are to be submitted through the online expense management system (Chrome River) or on a Business Expense Reimbursement form, except if the expenditure occurs while traveling, in which case the expense are to be included as part of the trip on a Travel Expense Claim through the online expense management system (Chrome River).

- 8.00 If claiming reimbursement, it must be accompanied by receipt images, original receipts, or paid invoices. Credit/debit card slips alone are not acceptable where detailed receipts are normally available, as they do not provide sufficient detail about the items being claimed or the applicable taxes.
- 9.00 Supporting documentation for all hospitality expenses must include the number of people in attendance, and a statement of justification for the expenditure (i.e., purpose of the function). Names of the attendees may be requested for clarification and reporting purposes.

Approvals

- 10.00 All expenses must normally be approved by the employee's direct supervisor following "one-over-one" signing authority. In no circumstances, except where specifically noted, may an individual approve their own expenditures or the expenditures of subordinates where any part of the expense contains amounts attributable to the authorizer. All expenses must also be approved by the applicable accountholder or delegate.
- 11.00 University Club and UVic Food Services charges for university related hospitality are subject to this policy and procedures and must be approved by the department Chair or Director or more senior administrator. For University Club and UVic Food Services charges, normal "one-over-one" approval is not required. For University Club, copies of the departmental V account statement along with the copy of the chit detail and supporting documentation must be forwarded to Financial Services for processing. For charges from UVic Food Services that will be charged to a UVic FAST account, the charges must be approved and returned to UVic Food Services for processing.
- 12.00 Approval indicates that expenditures are considered appropriate, reasonable, and in accordance with University policy.

Hospitality Involving Employees Only

Procedural Authority: Vice-President Finance
and Operations
Procedural Officer: Executive Director, Financial
Services

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Purpose

- 1.00 The purpose of these procedures is to provide guidance to those individuals incurring or approving hospitality expenditures in determining the categories and levels of expenditures that can be incurred with respect to hospitality expenditures and to set forth the related procedures and approval processes.

Types of Expenditures

- 2.00 Hospitality may be provided to employees and paid by the university through work meetings, social functions, gifts, and awards where it supports the educational, research, or service activities of the university. Expenses may include, but are not limited to: food, beverages, social or recreational activities, gifts, and awards. Gifts do not include honorariums or performance related awards or events. The following are examples of the most common categories of hospitality.

Work Meetings

- 2.01 Meals or refreshments provided at work meetings attended solely by university faculty and staff are permitted as long as the purpose of the meeting is work-related (such as planning, education, collaboration) and the cost per individual is reasonable. Consumption of alcohol is not permitted. Individuals scheduling work meetings and arranging meals or refreshments must consider the business purpose, frequency, and regularity of incurring such expenses.

Departmental Social Functions

- 2.02 Generally, departments may incur reasonable costs of **up to two** employee social events per calendar year. Examples of social events include holiday receptions, employee picnics, and BBQs but exclude retirement functions and university-wide functions which are addressed separately below.
- 2.03 In general, reasonable costs are defined as **no more than \$40** per employee per function and do **not** include any costs of alcohol. Alcohol, if available and paid for personally, should be used responsibly, recognizing risks of consumption. For functions held on campus, the university's Liquor policy (AD2400) applies. Ancillary costs such as taxes, tips, room rentals, transportation, or taxi fare are excluded from the \$40 threshold.

- 2.04 In order to comply with Canada Revenue Agency (CRA) guidelines and to avoid events from being considered **taxable benefits**, events must be open to **all employees** in a department and the primary purpose cannot be team building, recognition for completing a task or project, or thanks for a job well done, as this is considered by CRA to be employment-related compensation.
- 2.05 In the event that an employee hospitality function is not open to all employees in a department or the primary purpose is to enable team building or celebrate the completion of a task/project or thanks for a job well done, the cost per employee is considered a taxable benefit and must be included in the employee's taxable earnings by HRIS.

Retirement Functions

- 2.06 Departments may use university funds to subsidize retirement functions for faculty and staff over and above the two social event limit described above. A subsidy **of up to \$25.00** per participant may be contributed toward the costs of the function. Alcohol, if available, must be paid for personally and university funds must not be used for this purpose.

University-Wide Functions

- 2.07 The university may sponsor a variety of social functions arranged through Ceremonies or Human Resources, where the university is considered to be the primary beneficiary. Examples include but are not limited to: the Retirees Dinner, Long Service Reception, and the President's Distinguished Service Awards. A modest amount of alcohol may be provided in appropriate circumstances.

Gifts and Awards

- 2.08 These procedures should not discourage the use of personal funds or departmental "social funds" to contribute to the cost of gifts to faculty and staff.
- 2.09 Departments may use university funds to pay for a **non-cash** gift or award to employees **up to a value of \$60** per special occasion. The number of special occasions per employee would normally not be expected to exceed **two** per calendar year. Gifts are not considered taxable by CRA if they are provided for special occasions such as religious holidays, a birthday, wedding, or the birth of a child. University funds cannot be used for gifts of alcohol. Awards must be for an employment-related accomplishment but cannot be performance related. Retirements or long service are addressed separately below.
- 2.10 If non-cash gifts are provided for any reason other than the special occasions listed above they are considered **taxable** by CRA. In addition the following list of items is always considered taxable:
- Cash and cash equivalents (gift certificates, gift cards, etc.);
 - Reward points;
 - Reimbursements for an employee gift that the employee selected, paid for, and submitted a receipt for;

- Disguised remuneration such as a gift or award given as a bonus; and
- Vendor-provided gifts or awards given directly to employees.

2.11 Generally, departments should avoid providing gifts that CRA considers taxable due to the tax impact to the employee. In exceptional circumstances a Dean, Executive Director, or higher authority may approve taxable gifts. The value of the gift must be reported to HRIS in order to add the benefit to the employee's taxable earnings.

2.12 Gifts of small value (**less than \$20**) are permitted and are not included in the two gifts per year threshold indicated above. Examples of small value items include coffee or tea, T-shirts, mugs, or plaques or trophies.

Retirement Gifts

2.13 Normally, voluntary contributions or departmental social funds are used to contribute to employee retirement gifts. If required, departments may contribute university funds to the cost of a non-cash retirement gift up **to a maximum of \$500** (from all university sources) commensurate with the employee's length of service and/or contribution to the university and subject to prior approval of the departmental Chair/Director, or higher authority.

Long Service Awards

2.14 Non-cash long service awards of **up to \$100** may be provided once every five years, after a minimum of five years' service.

Prize Draws

2.15 Prizes provided by the university through draws open only to university employees are considered taxable benefits from employment by CRA and the fair value of the prize must be added to the winner's taxable earnings, even if the prize has been donated to the university.

Ineligible Expenses

3.00 Costs pertaining to research, specific purpose, and restricted funds may be incurred only if they are permitted by the terms and conditions of the funding agreement, award, or contract.

Procedures

Payment of Expenses

4.00 Payment of employee-only hospitality expenses may be processed through reimbursement claims or a UVic commercial card. Hospitality expenses for large functions or events may be paid directly, via an approved purchase order and/or supplier invoice, subject to the requirements of the Purchasing Policy.

5.00 Reimbursement claims are to be submitted through the online expense management system (Chrome River) or on a Business Expense Reimbursement form and must be accompanied by receipt images, original receipts, or paid invoices. Credit/debit card slips alone are not acceptable where detailed receipts are normally available, as they do not provide sufficient detail about the items being claimed or the applicable taxes.

- 6.00 Supporting documentation for hospitality expenses must include the number of people in attendance, and a statement of justification for the expenditure (i.e., purpose of the function or gift). Names of the attendees may be requested for clarification and reporting purposes.
- 7.00 For expenses that are considered to be taxable benefits, departments must submit the name, employee number, fair market value of the benefit (usually the cost), and the nature of the benefit along with the expense claim in order for the benefit to be added to the employee's T4 taxable earnings. Departments should also advise their employees that a taxable benefit is being assessed.

Approvals

- 8.00 Departmental social functions require approval of the department Chair/Director, or higher authority.
- 9.00 Gifts and awards must normally be approved by the department Chair/Director, or a higher authority. For gifts and awards considered taxable, the approval of a Dean, Executive Director, or higher authority is required.
- 10.00 Exceptions to these procedures may be authorized in appropriate circumstances with prior approval of a Dean, Executive Director, or higher authority.
- 11.00 All expenses must normally be approved by the claimant's direct supervisor following "one-over-one" signing authority. In no circumstances, except where specifically noted, may an individual approve their own expenditures or the expenditures of subordinates where any part of the expense contains amounts attributable to the authorizer. All expenses must also be approved by the appropriate accountholder or delegate.
- 12.00 University Club and UVic Food Services charges for university-related hospitality are subject to this policy and procedures and must be approved by the department Chair or Director, or more senior administrator. For University Club and UVic Food Services charges, normal "one-over-one" approval is not required. For University Club charges copies of the departmental V account statement along with the copy of the chit detail and supporting documentation must be forwarded to Financial Services for processing. For charges from UVic Food Services that will be charged to a UVic FAST account, the charges must be approved and returned to UVic Food Services for processing.
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