

Rice University Policy No. 806

RICE UNIVERSITY TRAVEL, BUSINESS MEETING and ENTERTAINMENT POLICY

I. General Policy

Rice University pays for appropriate and reasonable expenses for travel, business meetings and entertainment that are necessary to carry out university business and that are in compliance with applicable Internal Revenue Service (IRS) and sponsored research requirements and other external rules and regulations. Payments that comply with legal and policy requirements are not considered taxable income.

The university also seeks to encourage the safety and productivity of those traveling on university business. In addition, the university seeks to ensure that employees, students and guests should neither gain nor lose personal funds as a result of travel, business meetings or entertainment carried out on its behalf. Finally, the university seeks to handle the processing and payment of these expenses in an efficient and cost-effective manner and to ensure prudent use of university resources.

This policy applies to employees, students and visitors conducting business with the university including speakers and guests, contractors and prospective employees or students.

II. Definitions

Allowable: A necessary, reasonable and appropriate expense incurred for the primary benefit of university business.

Appropriate: Objectively suitable or fitting for a particular university business purpose and context.

Entertainment: The cost of entertainment includes amusement and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation and gratuities).

Per Diem: Government-established hotel, meal and incidental expense [per diem rates](#) may be used, although commingling of actual and per diem expenses on the same trip is not allowed. Schools, divisions or departments may set per diem rates that are lower than the government-established rates. Per diem amounts must be prorated on the day of departure and the day of return for meals not incurred. For international travel, the [U.S. Department of State's daily expense rate limit](#) (also called a per diem rate) will be used as an expense guideline.

Preferred Vendors: Vendors with whom the university has negotiated discounted prices or other terms to the benefit of the university.

Properly Documented: The Rice business purpose is described, the list of attendees (names and affiliations) or for groups of ten or more, the name and count of group(s), and receipts are provided.

Reasonable Expense: An expense that is not extreme or excessive and reflects a prudent decision and appropriate stewardship of university resources under all of the facts and circumstances.

III. Elaboration of Policy

IRS rules (<http://www.irs.gov/publications/p463/ch06.html>) require business expenses to be documented in a timely manner. Undocumented, improperly documented or untimely submission of business expenses will require Rice to report these expenses as taxable income to the individual. Thus, travel, business meeting and entertainment expenses should be submitted and approved no later than thirty (30) calendar days after the return from a business trip or end of the meeting or event.

Expenses must be submitted for all university travel, business meeting and entertainment using the web-based expense reporting software application. When a trip includes business meetings and/or entertainment, the traveler must complete the travel and business meeting/entertainment statement expense information. Itemized receipts from the vendor for amounts greater than the *de minimis* level set by the IRS (http://www.irs.gov/publications/p463/ch05.html#en_US_2013_publink100034069) must be submitted as proof of expenses. Receipts are not required for expenses (other than lodging) below the IRS *de minimis* level for payments made on the university PCard or for expenses under \$25 that are paid out-of-pocket. Reimbursement of out-of-pocket expenses over \$25 requires itemized receipts. However, itemized receipts are required for alcohol and entertainment expenses, regardless of funding source, due to federal cost accounting requirements. (Note that petty cash reimbursements through the Cashier's office always require receipts.)

As a 501(c3) organization, the university is exempt from the payment of Texas sales and use taxes. The university may also be exempt from sales and use taxes in other states. The university strongly encourages employees and students to request the sales tax exemption. The university reserves the authority not to reimburse for sales tax for transactions that would be qualified for sales tax exemption.

An employee pays as personal expense the cost of transportation, lodging, meals and entertainment for relatives, invited guests or spouses or partners unless there is a valid university business reason for the additional person's expenses. In furtherance of university business and due to the IRS regulations (<http://www.irs.gov/publications/p463/ch01.html>) prior written approval from the traveler's dean, vice president, vice provost or department chair/head is required for these expenses.

A. Travel

- Each department should ensure that expenditures for travel are reasonable and appropriate for an educational institution and that the least costly method of transportation is used. Vendor discounts are encouraged where available. Preferred vendors should be used when possible.
- For exceptions to coach class airfare and for guidance on reimbursement of airline fees, please refer to the Travel, Business Meetings and Entertainment procedures available at the Controller's Office website.
- Where travel and business meeting costs are charged to a sponsored agreement (grant or contract), any terms of the agreement that are more restrictive than this policy will govern the payment. See Appendix A for additional information on charging travel and business meetings to projects under sponsored agreements.
- When student-athletes receive meals and/or per diem while participating in athletic activities, NCAA rules apply.

- U.S. flag carriers (airlines and ships registered in the U.S.) must be used for all international travel funded by U.S. government contracts and grants unless certain conditions are met. (See Appendix A).
- The university's business travel accident insurance policy covers faculty, staff and students traveling on behalf of the university. This policy provides an accidental death benefit for all employees and students while on university business. This policy covers domestic as well as foreign business travel. The university does not reimburse a traveler for purchasing additional flight insurance.
- The university's auto insurance policy covers faculty, staff and students traveling on behalf of the university. When traveling within the U.S. and Canada, auto insurance must be declined by faculty, staff and students when renting cars while conducting university business. For foreign travel outside the U.S. and Canada, damage and liability insurance should be purchased.
- The university, as a general policy, does not provide travel advances before the trip. Travel advances for expenses may be given only for international travel, students traveling on Rice business or exceptional circumstances. Should an advance be deemed necessary, travelers should submit an electronic check request with the appropriate approval from their department. Travel expenses should be submitted and approved no later than 30 calendar days after the trip. Any unused money must be promptly repaid to the university upon completion of the trip.
- Temporary dependent care costs above and beyond regular dependent care that directly results from travel to meetings or conferences is allowable provided that: the costs are a direct result of travel under a sponsored award or other meeting or conference related to university business; and the costs are consistent with the university's travel policy and are only temporary during the travel period and where no reasonable alternative to dependent care is available. Prior written approval is required from the appropriate approver.
- Exceptions to transportation policies because of disabilities are allowable with appropriate documentation. Documentation must be current and include evaluation by an appropriate professional (who is not related to the person being evaluated) describing the current impact and limitations of the disability as justification for the request for special transportation options. Please refer to the documentation guidelines for staff and faculty located on the Disability Support Services webpage at <http://www.dss.rice.edu>. These guidelines are intended to ensure that adequate documentation is provided to support requests for accommodations.
- The university has contracted with a travel management company (TMC) to facilitate the booking of travel arrangements. The university strongly encourages use of the TMC.

B. Business Meetings and Entertainment

Business meetings include situations in which university business cannot be transacted other than at a mealtime or in which planned meetings extend through the normal mealtime.

Business meeting expenses may include charges for meals as well as other direct costs of the meeting (room setup charges, wait staff, etc.) at which Rice employees and their guests meet to talk about research, education or other institutional matters. Business meeting costs do not include entertainment or social activities or any costs directly linked to entertainment, such as tickets to shows or sporting events, lodging, transportation, or food or rental costs related to entertainment.

There are occasions when the entertainment of special visitors, speakers and prospective faculty, staff or students is appropriate and in the university's interest. Entertainment includes any activity generally considered to provide amusement or recreation. Entertainment and similar expenses may not be charged to sponsored project awards.

Business meeting and entertainment expenses are subject to the following guidelines:

- Cohen House or other on-campus services or facilities should normally be used for luncheon meetings.
- The cost per person for a meal or an evening's entertainment should be reasonable for food, beverages, taxes, gratuities and other related costs (room setup charges, wait staff, etc.). Please refer to the Travel, Business Meetings, and Entertainment procedures for current guidelines.
- The costs of a business meeting may be charged to a sponsored agreement (grant or contract) only if the awarding agency allows such costs. If the meeting is charged to a grant or contract, a detailed agenda with the names and affiliations of attendees and an explanation of the purpose of the meeting and the relationship to the award being charged must be provided with the expense report. For government awards, the business meeting must be either an integral and necessary part of the conference or other formal, organized meeting (such as working meals where business is transacted). Reimbursement from government sources for meals or coffee breaks where the participants are all Rice employees is not allowed. Costs of receptions, meals related to hosting a speaker or guest or other social activities must not be charged to government awards.
- The number of university employees accompanying guests of the university should be appropriate to the purpose of such entertainment.
- Normally, spouses or partners of Rice employees share in an evening's entertainment only when the spouses or partners of guests are also included.
- Costs of departmental gatherings, such as receptions for faculty and students, should be reasonable, based on the size of the department and the purpose of the event.
- NCAA rules apply to activities involving recruitment of student athletes.

C. Alcoholic Beverages and Entertainment

- If alcoholic beverages are served at a business meeting, the cost (including tax if charged and tip) must be separately identified and coded to a general ledger account code for Alcoholic Beverages or Entertainment/Alcoholic Beverages. This separate identification is required for all fund sources because government principles that govern the calculation of the facilities and administrative (F&A) cost rate stipulate that alcoholic beverages and entertainment may not be charged to the government either directly or through the F&A rate.
- If alcoholic beverages are served at an entertainment event, departments may choose whether to combine entertainment and alcoholic beverages in one general ledger code or to track them separately using the general ledger code for alcoholic beverages. The cost of alcoholic beverages and entertainment must never be charged to a sponsored agreement funded directly or indirectly by government funds.
- Expenditures for alcoholic beverages and entertainment should be reasonable and appropriate for the circumstances of the event and for an institution of higher education.

- Receipts are required for alcohol and entertainment expenses to facilitate proper expense reporting in line with federal cost accounting requirements.

D. Approval of Expenses

Expense reports that include travel, business meetings and entertainment should be approved by the appropriate reviewer no later than thirty (30) calendar days after the conclusion of the trip, business meeting or entertainment event. The business purpose must be clearly stated on the expense report. Individuals may not approve their own expenses. These expenses must be approved by the appropriate person as noted in the chart below. With the exception of the President, the approver may never report to the individual for whom the expense is incurred.

Expense incurred by:	Approval by:
Department faculty and staff including principal investigators	Department chair/head or designee
Researchers	Principal Investigator
Department chair/head or director	Dean or division head or designee
Deans, vice provosts and administrators reporting to the provost	Provost or designee
Provost, vice presidents and administrators reporting to the president or Board of Trustees	President or designee
President's Office	Assistant to the President
President	Vice President for Finance

When international travel is charged to a sponsored agreement, approval may be required in advance from the funding agency. (See Appendix A) Group international travel requires pre-approval from the appropriate senior administrator.

E. Guests of the University (Speakers, Consultants, Job Applicants, Visitors and Others)

Departments may submit expenses for individuals doing business with Rice who are not Rice employees or students using the web-based expense report to process reimbursement or may use one of the alternatives listed below.

Transportation and lodging incurred by non-Rice travelers and charged directly to Rice will be paid based on approved vendor invoices submitted by departments. The traveler may also request reimbursement by letter for expenses incurred, with required receipts attached. Departments are responsible for ensuring that all expenditures are appropriate and reasonable prior to approval. To comply with IRS regulations, a brief description regarding the business purpose must be included on the approved documents.

Payment of travel expenses related to faculty and staff recruitment and relocation are governed by the university's relocation guidelines found at the following location:

http://professor.rice.edu/professor/Guidelines_and_Procedures3.asp#relocation

F. University PCard

The university has a single credit card program (the PCard) for both travel expenses and other purchases. The PCard is the preferred method to pay for travel.

The university PCard is a credit card issued to university faculty and staff and certain students for the purchase of routine supplies and expenses and for travel, business meeting or entertainment expenses. PCards are available through the Payables Department in the Controller's Office after submitting an approved [Purchasing Card Application](#). Each department is responsible for reporting their expenses monthly using the web-based expense reporting system. Failure to observe the rules and requirements for use of the PCard may result in the university limiting or rescinding PCard privileges at any time.

APPENDIX A

OTHER SPECIFIC POLICY GUIDANCE RELATED TO SPONSORED PROJECT AGREEMENTS

All travel charged to a sponsored agreement must follow the regulations of the agency and the terms and conditions of the individual awards. Some grants and contracts that support research and other activities may include restrictions on travel. Such restrictions may include the need for prior approval from the sponsor, use of U.S. flag carriers, limits on the total amount that can be charged for travel, and compulsory use of government per diem allowances for both lodging and meals. The traveler should check the specific agreement to be charged well in advance of departure to determine if any additional restrictions are applicable. The Research and Cost Accounting Office is available for assistance and should be contacted when clarification of a restriction is needed.

The following specific conditions apply to travel and business meetings charged to sponsored agreements:

1. The business purpose section of the travel expense report should clearly identify the relationship of the travel to the purpose of the award. When a trip involves multiple purposes, the basis for allocating the charges to each research award must be stated.
2. International travel may require prior approval from the funding agency even if listed in an approved budget. Generally, international travel is defined as travel outside the continental U.S., although some sponsors may use a different definition. Check with the Research and Cost Accounting Office prior to booking the trip.
3. Use of U.S. flag carriers is required for all international travel charged to a federal award unless certain exceptions are met. See the Controller's Office website for additional information on the regulations, including code sharing arrangements. Documentation of an exception, which allows use of a non-U.S. flag carrier on a federal award, must be done at the time travel arrangements are made. Such documentation must be included with the support for the travel expenditures.
4. Allowable airfare costs are limited to the lowest available airfare at the time of purchase. Purchases of tickets at the airport or purchases of "next day travel" tickets should not be made except in emergencies. The principal investigator is responsible for assuring that the lowest available fare is booked for all travel charged to the agreement.
5. Lodging costs should be reasonable for the location. Actual costs will be reimbursed with original receipts unless otherwise restricted by terms of the

grant/contract to be charged. Contact the Research and Cost Accounting Office regarding awards that require lodging costs to comply with federal daily allowable hotel rates by location.

6. Automobile mileage costs are normally allowed on agreements based on the [standard IRS mileage reimbursement rate](#). (See the Travel, Business Meetings and Entertainment procedures located at the [Controller's Office](#) website.) Contact the Research and Cost Accounting Office for awards that require use of a different rate.
7. Expenses for alcoholic beverages and entertainment are not allowable charges to government grants and contracts. If incurred in the course of travel for government awards, these costs must be separately identified and coded to a non-government fund using a general ledger account code for Alcoholic Beverages or Entertainment/Alcoholic Beverages. Departments may choose whether to combine entertainment and alcoholic beverages in one general ledger code or to track them separately using the general ledger code for alcoholic beverages. For non-governmental grants and contracts, individuals should check the specific agreements or terms of the award for limitations before charging alcoholic beverages or entertainment expenses to those awards.
8. Travel reimbursements to independent contractors and other non-Rice employees must comply with this policy and related procedures.
9. Certain awards require pre-approval by the funding agency prior to the commencement of travel. Contact the Research and Accounting Office for more information.
10. Business meeting expenses in compliance with this policy are an allowable research expenditure provided the sponsor allows these costs.
11. Temporary dependent care costs above and beyond regular dependent care that directly results from travel to meetings or conferences is allowable provided that: the costs are a direct result of travel under a sponsored award; and the costs are consistent with the university's travel policy and are only temporary during the travel period and where no reasonable alternative to dependent care is available. Prior written approval is required from the appropriate approver.



David W. Leebron, President

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