January 12, 2015

To:  Chief Financial Managers, RRC Contacts, Deans, Chancellors, Department Heads

From:  Richard Pfutzenreuter, Vice President & CFO
        Michael Volna, Associate Vice President - Finance & Controller

Re:  Hospitality Expenses and Holiday Parties

Over the last month we have fielded questions about the allowability and proper accounting for hospitality expenses and holiday parties. We are writing to reiterate the University’s policy in these areas.

Under University of Minnesota policy "Hospitality and Other Special Expenses", expenses for bona fide University hospitality activities, such as donor relations activities or employee recognition events, may be charged to University funds in accordance with the Hospitality policy "Expense Allowability Grid". These expenses require additional documentation and substantiation to meet IRS requirements, audit standards, and the test of public scrutiny. If your unit has held hospitality events in the last 30 days, please ensure that the documentation requirements are clearly met.

The cost of holiday parties is never an allowable expense under University policy. No expenses for holiday parties can be charged to, or reimbursed from, any type of University funds, public (such as O&M or sponsored) or private (gifts). Events held solely to celebrate any of the seasonal holidays should be paid for by employees from their own personal funds. If your unit has inadvertently recorded a bona fide hospitality event as a holiday party, or incorrectly charged the University for a holiday party, please take action to promptly correct the accounting or reimburse the University, as appropriate.

For your reference, the Hospitality Policy, the Expense Allowability Grid, and the documentation requirements and procedures can be found at the following web sites:

http://www.policy.umn.edu/Policies/Finance/Misc/HOSPITALITY.html

http://www.policy.umn.edu/prod/groups/president/@pub/@policy/@fi/documents/policy/hospitality_appb.pdf

http://www.policy.umn.edu/Policies/Finance/Misc/HOSPITALITY_PROC01.html

If you have any questions, please do not hesitate to contact the University Financial Helpline at 612-624-1617 for assistance.