

June 2, 2026

Dear Directors,

I would like to remind you about UC ANR's use of funds for morale-building events and employee non-cash awards. In addition to following UC policy, all recognition and morale-building activity expenses must be reasonable, necessary, fiscally prudent, within departmental budget limitations, and consistent with our shared fiduciary responsibility to ensure the best use of public and University-administered funds.

### **Morale-Building Events (Requires Pre-Approval)**

UC ANR funds may pay for or reimburse costs for meals or light refreshments associated with official employee morale-building and appreciation activities that serve a university business purpose. Morale-building events include: employee retirement; recognition receptions for employees and volunteers; new employee meet-and-greets; and holiday gatherings per the policy requirements of BUS-79 (reference below).

For example, a department may provide light refreshments for a retirement reception honoring an employee separating from University employment after at least five years of service, provided the event remains within policy expenditure limits and receives the required approvals.

All events must comply with the per-person meal expenditure limits shown in Appendix A of BUS-79. In alignment with UC policy and UC ANR best practices, departments should limit morale-building expenditures to the light refreshment rate whenever feasible.

Failure to obtain the required pre-approval from the Controller's Office may result in additional administrative review and denial of reimbursement.

These requirements apply to all UC ANR funds, regardless of fund type or source, and do not expire. UC ANR will continue to review the use of funds and related policies, procedures, and activities to support adherence to requirements.

See the Exceptional Entertainment Request Form on the Business Operations Center Forms Website (reference below) for instructions to request pre-approval.

### **Employee Non-Cash Awards (e.g., Gift Cards)**

Employee recognition awards should only be provided within an established recognition program (such as Spot Awards) and based on objective criteria. These non-cash recognition awards should only be given for "exemplary performance" (e.g., a special project above and beyond the normal scope of an employee's job).

Gift cards should not be purchased with UC ANR funds for distribution to employees as recognition for work within the normal scope of their employment, especially during the holidays, as it will be considered taxable income (e.g., a bonus).

## Fund Source Restrictions

State funds (start-up, salary cost recovery, general program) or federal funds (program support/PDSL and general support/CEGS) cannot be used for either morale-building events or gift cards.

**Note:** Business meeting expenditures and entertainment expenditures are distinct categories under University policy. Business meeting expenditures are tied to official business discussions or working meetings, while entertainment expenditures are associated with primarily social, hospitality, or relationship-building activities conducted in support of a University business purpose.

### Reference and Related Policy:

[BUS-79: Expenditures for Business Meetings, Entertainment, and Other Occasions](#) (pdf, 359 KB)

[G-41: Employee Non-Cash Awards and Other Gifts](#) (pdf, 210 KB)

[Business Operations Center Forms](#)

[Business Operations Center Entertainment Webpage](#)

Questions may be forwarded to the Business Operations Center (Tracy L Roman, [tiroberts@ucanr.edu](mailto:tiroberts@ucanr.edu)) or Policy, Compliance, and Programmatic Agreements (PCPA) ([PCPA@ucanr.edu](mailto:PCPA@ucanr.edu)).

Thank you,

Lana Schweikert  
UC ANR, Controller