Business Meals

FSS/PPS No. 03.01.14
Issue No. 2
Reviewer, Director, Accounting
Effective Date: 12/15/14 (E2Y)
Review Date: 12/16

01. PURPOSE

01.01 This statement establishes policy and procedures under which university employees may request payment or reimbursement for meals associated with official university business.

02. POLICY STATEMENTS

02.01 Texas State University System Rules and Regulations, Chapter III; Section 6.8 states that “The Board of Regents has determined that the expenditure of institutional funds that are not otherwise restricted for the purchase of food, refreshments, and achievement awards assists the Components in the System in carrying out their educational functions, promotes education in the State of Texas, and provides an important public purpose.” Further, the System Rules and Regulations authorize the President to “implement this policy through appropriate directives and delegation.”

02.02 Expenses for business meals may be reimbursed from university funds if the amount is reasonable and necessary. Reimbursements may include food, beverages, sales tax, and gratuity subject to the criteria and restrictions outlined in Sections 02.09, 02.10 and 02.11.

02.03 Reimbursement of business meals is appropriate if the main focus of the activity is to support the business and educational mission of the university, and consumption of food is incidental to the purpose of the meeting. The presence of university faculty and staff at the business meal must be integral to the purpose of the meeting.

02.04 Alcohol purchases and reimbursements associated with business meals must be approved by the requestor’s respective Cabinet Officer in accordance with UPPS 03.01.18, Purchase of Alcohol.

02.05 Other than as outlined in Section 02.06, business meals must include one or more external participants to be eligible for meal reimbursement under this policy. A meal consisting solely of university faculty or staff employees does not constitute an eligible business meal under this policy.

02.06 Meals served in conjunction with events such as training workshops and strategic planning retreats, or student, faculty, or staff award ceremonies are allowable to the extent the meeting supports the business and educational mission of the university and consumption of food is incidental to the purpose of the meeting.
02.07 Reimbursements for business meetings with external participants held by faculty and staff while in travel status are allowable under this policy, however; faculty and staff involved in the meal cannot also claim per diem under the university’s travel reimbursement policies. Reimbursements for business meetings involving only faculty and staff in travel status are not allowable under this policy.

02.08 Meals provided by Texas State to a spouse, family member or other personal acquaintance of a University employee or a non-employee will be permitted only when there is a substantial and bona fide business reason for that person’s attendance. An explanation must be included with the payment document explaining the reason for that person’s attendance.

02.09 Generally, Texas sales taxes on meal purchases will not be paid or reimbursed as university purchases are exempt from Texas sales taxes under Section 151.309 of the Texas Tax Code. When the university makes a business meal purchase directly with a food vendor via a purchase order, a direct payment via e-NPO, or a P-card, the employee should provide a Texas Sales Tax Exemption Certificate to the vendor. If the employee fails to provide a required sales tax exemption certificate from and pays the sales tax, tax paid is not reimbursable.

Should an employee make a food purchase via personal funds or petty cash, Texas sales taxes are applicable and the university will pay or reimburse applicable Texas sales taxes, as the discretion of the Account Manager. A sales tax exemption certificate may not be given to a retailer for such purchases.

02.10 Non-state appropriated funds may be used to reimburse tips or gratuity in addition to the cost of business-related meals. Funding from sponsored programs or other restricted funds may have additional requirements which prohibit the payment or reimbursement of gratuity. The gratuity must be identified as a line item on the receipt or invoice. Reimbursement will not exceed 20% of the total receipt or invoice excluding sales tax.

02.11 State appropriated funds may only be used to reimburse meals if allowed within the guidelines of the state appropriation. State appropriated funds are prohibited from reimbursing or paying gratuity, unless the amount is a required fee for the services provided. A common example is a 15% to 18% mandatory gratuity for large parties at restaurants or concierge services at a hotel. Such fees must be mandatory and itemized on the receipt or invoice. Contact Financial Reporting & Analysis for assistance determining if the state appropriation allows food purchases.

02.12 Exceptions to this policy may only be made with approval from the President or the requestor’s respective Cabinet Officer. Approval of the exception must be indicated on the payment document. The approval role cannot be delegated by the Cabinet Officer.
03. **DEFINITIONS**

03.01 **External participants** include official guests of the university such as donors or potential donors, visiting lecturers, visitors from foreign countries, visitors from other universities, individuals interested in university programs, prospective faculty/staff during the interview process, guests invited to assist in the development or evaluation of programs, alumni, business leaders, and community leaders.

03.02 **State appropriated funds** are funds appropriated by the General Appropriations Act (GAA) passed by the Texas State Legislature. These funds are designated in the university’s chart of accounts by a fund number that begins with “1”.

04. **PROCEDURES**

04.01 Payment for business meals may be made through purchase requisition/purchase order, non-purchase order (e-NPO) when appropriate, and through P-card when the P-card holder has obtained pre-approval through the Procurement Office. If the business meal occurs during travel status, it may be included on the travel expense report as along as it is not an employee only meal (per diems in place for employees) and no alcohol is included in the expense reimbursement amount.

04.02 Payment or reimbursement of a business meal requires account manager approval. A reimbursement to an account manager requires the approval of a supervisor at least one level above the account manager. The approval should be indicated on the invoice, payment document, or P-card log as appropriate for each purchase.

04.03 An itemized receipt or vendor invoice is required to support a business meal. Credit cards receipts are not acceptable unless they are itemized.

04.04 A list of the participants names and definition as either external attendees or employees of the university is required if there are 19 or fewer participants. If 20 or more participants attend then a general description of the attendees is required.

05. **MAJOR RESPONSIBILITIES ASSOCIATED WITH THIS PPS**

Major responsibilities for routine assignments associated with this PPS include the following:

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06. CERTIFICATION STATEMENT

This FSS/PPS has been approved by the following individuals in their official capacities and represents FSS policy and procedure from the date of this document until superseded.

Director of Accounting, Senior Reviewer

Associate Vice President for Financial Service, Reviewer

Vice President for Finance and Support Services

Approved: ________________________________
Director, Accounting, Reviewer

Approved: ________________________________
Associate Vice President, Financial Services

Approved: ________________________________
Vice President for Finance and Support Services