**Business Meals and Food Purchases FSS/PPS No. 03.11**

**Issue No. 5**

**Effective Date: 05/25/2021**

**Next Review Date: 04/01/2023 (E2Y)**

**Sr. Reviewer: Director, Accounting**

**POLICY STATEMENT**

*Texas State University is committed to promoting proper financial stewardship of funds to support the education mission of the university.*

# 01. DEFINITIONS

01.01 Business Meals – events including food, beverages, or refreshments. The events can include:

* + 1. meals with one or more external participant, including students;
		2. meals provided for an all-employee event such as training workshops, strategic planning retreats, receptions and award ceremonies, or other meetings that involve a cross-section of several departments’ employees; or
		3. meals provided in conjunction with events such as training workshops, 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.

01.02 External Participants – 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 or staff during the interview process, guests invited to assist in the development or evaluation of programs, alumni, business leaders, and community leaders.

01.03 Office of Management and Budget (OMB) – federal Office of Management and Budget related to grants.

01.04 State-Appropriated Funds – funds appropriated by the [General Appropriations Act (GAA)](http://www.lbb.state.tx.us/Documents/GAA/General_Appropriations_Act_2018-2019.pdf) 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.”

# 02. BACKGROUND INFORMATION

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

02.02 The [Texas State University System (TSUS) Rules and Regulations, Chapter III; Section 6.8](https://www.tsus.edu/about-tsus/policies.html), authorizes the president to implement this policy through appropriate directives and delegation. Those requesting authorization and approval of specific expenditures must document the request in accordance with the requirements of [TSUS Rules and Regulations, Chapter III, Section 6.05](https://www.tsus.edu/about-tsus/policies.html). Documentation may occur on the [Alcohol, Flowers, Food, and Refreshment Expense Authorization Form (AP-12)](https://gato-docs.its.txstate.edu/jcr%3A39a3c371-a6f0-44ef-80dd-8cf1ba56248f/AP-12%20Food%20Expense%20Authorization%20Form.docx), a procurement card log when purchases are made in accordance with the applicable policy governing the use of the procurement card, a purchase requisition, or an e-NPO.

02.03 Expenses for business meals and food purchases 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 02.12, 02.13, and 02.14.

02.04 Reimbursement of business meals is appropriate if the main focus of the activity is to support the business and education 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.

02.05 The university prohibits spending institutional funds on food, refreshments, and beverages for personal use or consumption during routine day-to-day operations. However, if a clear business purpose can be identified, light refreshments, sodas, and juices may be provided for visitors, within reasonable limits.

02.06 Alcohol purchases and reimbursements associated with business meals must be approved by the requestor’s respective President’s Cabinet officer in accordance with [UPPS No. 03.01.18](https://policies.txstate.edu/university-policies/03-01-18.html), Purchase of Alcohol.

02.07 Other than as outlined in Section 03.01, business meals must include one or more external participants to be eligible for meal reimbursement under this policy. The rationale for the business meal and who attended can be documented on the [Alcohol, Flowers, Food, and Refreshment Expense Authorization form (AP-12)](https://gato-docs.its.txstate.edu/jcr%3A39a3c371-a6f0-44ef-80dd-8cf1ba56248f/AP-12%20Food%20Expense%20Authorization%20Form.docx) and attached to the payment request.

02.08 Business meals served in conjunction with events such as employee 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. Any food or refreshment purchases for an all-employee event require that the approved [Alcohol, Flowers, Food, and Refreshment Expense Authorization form (AP-12)](http://gato-docs.its.txstate.edu/jcr%3A39a3c371-a6f0-44ef-80dd-8cf1ba56248f/AP-12%20Food%20Expense%20Authorization%20Form.docx) be attached to the payment request.

02.09 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.

02.10 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 for that person’s attendance must be included with the payment document or on the [Alcohol, Flowers, Food, and Refreshment Expense Authorization form (AP-12)](http://gato-docs.its.txstate.edu/jcr%3A39a3c371-a6f0-44ef-80dd-8cf1ba56248f/AP-12%20Food%20Expense%20Authorization%20Form.docx).

02.11 Food, excluding alcoholic beverages, provided with conferences, workshops, and similar events are allowable when:

1. the expenses are for the participants or conference attendees who paid the required fees; and
2. the literature (e.g., brochures, advertisements, etc.) soliciting participation in the activity states or infers the expenses as a part of the fee. This literature and the receipts or invoices must accompany the payment voucher.

02.12 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.](https://statutes.capitol.texas.gov/Docs/TX/htm/TX.151.htm) 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 must provide a [Texas Sales Tax Exemption Certificate](https://comptroller.texas.gov/forms/01-339.pdf) to the vendor. If the employee fails to provide a required sales tax exemption certificate form 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 at the discretion of the account manager. A [sales tax exemption certificate](https://comptroller.texas.gov/forms/01-339.pdf) may not be given to a retailer for such personally paid food purchases. This includes purchases at food vendors for consumption at that location or pick up for consumption at the university location. More information concerning tax-exempt and non-tax-exempt purchases is available at [Accounts Payable](https://www.txstate.edu/gao/ap/resources/Texas-Sales-Taxes-on-Purchases.html).

02.13 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 that 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 percent of the total receipt or invoice, excluding sales tax.

02.14 State-appropriated funds should not be used for food purchases (contact Financial Reporting & Analysis for a determination if the state appropriation allows food purchases). 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 percent 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.

02.15 Specific exemptions from the requirements of Section 02.02 include the following:

1. purchases of food for use in academic laboratories;
2. purchases of food for resale;
3. purchases of food or feed for consumption by animals;
4. reimbursement of meals associated with official employee or prospective employee travel under Texas State travel rules and regulations;
5. food allowances for athletes, athletic recruits, and food purchases associated with game expenses paid by the Texas State Athletic Department;
6. payments for student travel on educational field trips when students pay for the travel;
7. purchases for the operation of the Texas State Child Development Center;
8. expenditures for food or refreshments for camps and continuing education or professional development conferences, seminars, and short courses if attendee registration fees also covered the cost of these items;
9. student events that are officially sponsored by the division of Student Success;
10. purchases of bottled water up to and including five-gallon bottled water and water cooler rental, as well as coffee and tea; and
11. purchases of food and refreshments from agency funds.

02.16 Any catered event must comply with [UPPS No. 05.03.02](https://policies.txstate.edu/university-policies/05-03-02.html), Catered Events.

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

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**03. FUNDING SOURCES FOR PURCHASE OF FOOD**

03.01 The following conditions apply, depending on the funding source indicated:

1. The university prohibits using state-appropriated funds, including education and general revenue, as well as statutory undergraduate and graduate tuition, to purchase food and refreshments for any of the reasons covered under this policy.
2. The university allows the use of grant and contract funds to purchase food and refreshments if the expenditure is necessary and allowable under the grant or contract and meets the requirements of OMB [Uniform Guidance 2 CFR 200](https://www2.ed.gov/policy/fund/guid/uniform-guidance/index.html) and [State of Texas Uniform Grant Management Standards](https://www.google.com/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&cad=rja&uact=8&ved=2ahUKEwiX8eb8kavjAhWFLc0KHbkUB3QQFjAAegQIBRAC&url=https%3A%2F%2Fcomptroller.texas.gov%2Fpurchasing%2Fdocs%2Fugms.pdf&usg=AOvVaw128P7pHIKUAqu9V80dAwBE) (contact the Office of Research and Sponsored Programs for additional information).
3. The university prohibits using locally generated income from course and instructional fees, physical plant administrative overhead charges, or scholarship, loan, university endowment, and plant fund accounts to purchase food or refreshments for any of the reasons covered under this policy.
4. The university allows the use of other locally generated income for the purchase of food when not otherwise restricted from such purposes.

# PROCEDURES FOR PAYMENT AND REIMBURSEMENT

* 1. Payment for business meals may be made through purchase orders, an e-NPO when appropriate, and through a P-card when the P-card holder has obtained preapproval through the Procurement and Strategic Sourcing Office. If the business meal occurs during travel status, it may be included on the travel expense report if the meal is not an employee-only meal (travel *per diems* should be used for all employees’ meals) and no alcohol is included in the expense reimbursement amount. If alcohol is included in the business meal expense during travel status, the item must be submitted for reimbursement as an e-NPO, and President’s Cabinet officer approval is required.

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 required approvals should be indicated on the [Alcohol, Flowers, Food, and Refreshment Expense Authorization Form (AP-12)](http://gato-docs.its.txstate.edu/jcr%3A39a3c371-a6f0-44ef-80dd-8cf1ba56248f/AP-12%20Food%20Expense%20Authorization%20Form.docx) which can be attached to the invoice, payment document, or P-card log, as appropriate, for each purchase.

* 1. An itemized receipt or vendor invoice is required for the purchase of food or beverages whether outside the university or on the campus. If paid by credit card, the charge slip must be itemized. The method of payment should be reflected on the documentation provided by the vendor if paid at the time of purchase.
	2. A list of the attendees’ names and definition as either external attendees, students, or employees of the university is required if there are 19 or fewer participants at the event. If 20 or more participants attend, then a definition of the type of attendees is required.
1. **REVIEWERS OF THIS PPS**

05.01 Reviewers of this PPS include the following:

# Position Date

Director, Accounting April 1 E2Y

Assistant Director, Accounting April 1 E2Y

Accounts Payable and Travel

Director, Payroll and Tax Compliance April 1 E2Y

1. **CERTIFICATION STATEMENT**

This PPS has been approved by the following individuals in their official capacities and represents Texas State Finance and Support Services policy and procedure from the date of this document until superseded.

Director, Accounting; senior reviewer of this PPS

Associate Vice President for Financial Services

Vice President for Finance and Support Services