

## **TULANE UNIVERSITY POLICY STATEMENT FOR BUSINESS MEALS**

**NAME OF POLICY:** EXPENSE GUIDANCE FOR BUSINESS MEALS  
**RESPONSIBLE UNIVERSITY OFFICIAL:** SENIOR VICE PRESIDENT FOR OPERATIONS  
CHIEF OPERATING OFFICER  
**RESPONSIBLE OFFICE:** CONTROLLER'S OFFICE  
**COORDINATING OFFICES:** ACCOUNTS PAYABLE, ACCOUNTING,  
FINANCIAL SERVICES, GRANTS AND  
CONTRACTS ACCOUNTING, OFFICE OF  
SPONSORED PROJECTS ADMINISTRATION

**ISSUE DATE:** January 23, 2017  
**EFFECTIVE DATE:** January 23, 2017

**WHO NEEDS TO KNOW THIS POLICY:** ALL UNIVERSITY PERSONNEL

### **BACKGROUND:**

Tulane is funded in part through support from donors, government agency and private grantors, and by the tax exempt nature of its operations. Tulane employees should hold themselves forth with this stewardship of funds in mind. A high standard of care should be exercised when disbursing public funds. Also, Tulane employees must comply with IRS requirements that prohibit lavish application of university funds for meals and entertainment.

### **GUIDANCE SCOPE:**

The guidance applies to all funds, including gift funds, endowment funds, sponsored programs, designated income funds, unrestricted funds, student funds, practice plan funds and all other general purpose funds. Application is made to all business meals, including those relating to promoting employee morale, business entertainment, and student use. It's applicable to all payment mechanisms, including direct invoice from vendors, T&E card, petty cash and direct reimbursements.

### **TULANE'S POLICY allows business meals when:**

1. There is a bona fide and substantial business purpose for the meal
2. The participants are actively engaged in Tulane business/entertainment during the meal or just before or after
3. Appropriate funding is available
4. The purpose and amount of the expense reflects good judgement

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5. The expense is properly documented such that who, what, when, where and why are addressed
6. The expense has been approved at a level above the level of those attending.

### **Documentation required for payment:**

1. Itemized receipts are required for meal expenses
2. The date of the event and the name/address and location of the event
3. Business purpose
4. The names of the participants and their titles or other information establishing their relationship with the event sponsor.

**GUIDELINES are given below to assist faculty and staff in a determination of reasonableness given the wide range of situations and circumstances:**

**Policy does not define exact dollar guidelines for reasonableness because such determination is based on many factors including business purpose and event attendees.**

### **In the course of spending university funds one might consider whether:**

1. Such spending could be easily defended if it came under public scrutiny?
2. Would you worry about explaining it to a donor?
3. Would you be comfortable defending expense if it were subject to audit?

### **Alcoholic Beverages:**

Tulane will pay these costs up to a reasonable amount if such spend is appropriate to the nature of the meeting. Tulane will not reimburse in instances where employees only are working over a meal that is served in any setting. Modest per person expenditures for alcohol are allowable within the context of business entertainment of donors, recruits for graduate school or employed positions, etc. Prudence is needed in purchasing alcohol. An average **cost per** meal of from \$10 to \$25 per person should help define the limits of spend for alcohol. Per person costs in excess of 150% of federal per diem guidelines must be explained or reviewers may conclude that amounts beyond 150% are excessive and will not be reimbursed. Amounts requested in excess of these guidelines may be permissible based on the circumstances around the business purpose, guests present and other factors.

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### **Dollar guidelines:**

The federal per diem guidelines for meals helps to define guidance around suggested maximum amounts that would be viewed as reasonable for a business meal. Amounts in involving senior recruitments and donor relations may involve somewhat higher costs. Celebratory meals served around events honoring or cultivating donors might well be expected to fall into ranges higher than these shown. Amounts seen under the heading of special events wouldn't be used to form judgements about events held for employees only. Fiscal prudence and judgement should be exercised about spending limits and guidelines for different types of functions. Schools and departments may set more specific or restrictive limits relative to those shown above for various types of events.

When noted, costs evaluated as possibly excessive by local or central approvers will be referred to senior management for review and management reserves the right to refuse payment for costs that are evaluated as excessive.

### **OCCASIONAL WORK GROUP EVENTS:**

Occasional group events may be held by a department or work group to celebrate extraordinary individual or group accomplishments, or the retirement or departure of key, long-term staff or faculty. Departments should make every effort to consolidate such activities to ensure that the total cost is held to a reasonable total amount. Receptions honoring faculty and graduate students or welcoming back events can generally be viewed as de minimus and reasonable. Care should be taken to manage the per capita cost to guidelines totals that don't exceed \$50 per person.

### **LOCATION OF THE BUSINESS MEAL:**

Where possible, business meals should be conducted on campus. Tulane eating/catering facilities provide a wide range of venues/options to conduct most meetings, and travel challenges and risks are avoided. Generally, Tulane employees should not meet off campus for lunch or other meals unless such meetings are critical to the performance of business and time restrictions limit the options. Such meetings must be for the convenience of the employer and the need for such meetings would be infrequent. The documentation should explain why such meetings are needed. Where possible, meetings should be conducted during the workday.

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When a meal is provided in the home of an employee, only out of pocket costs relating to that event will be paid by Tulane. These might include catering/set up, take down/ equipment rentals/cleaning.

### **MEALS PROVIDED TO A SPOUSE AND OTHERS:**

Generally, meals provided by Tulane to a spouse, family member or other related person accompanying a university employee will be permitted only when there is a substantial and bona fide business reason for that person's attendance. The IRS does not permit tax free treatment when the spouse or other person is present for a social or personal purpose. The bar for substantial and bona fide business purpose is rather high.

When an employee is entertaining a business associates and that associate brings his spouse, it may be permissible for the employee to also bring his spouse.

### **FREQUENCY OF BUSINESS MEALS;**

Business meals are a significant commitment of time and financial resources and as such these events should be kept to a minimum and infrequent. Whenever possible, meetings should be conducted during routine work hours and not during meal times.

### **PROPER ACCOUNTING:**

There is an important distinction between business meals, entertainment and employee morale when recording the cost of events contemplated in this guidance.

#### **Examples follow:**

**Employee morale:** All costs associated with group gatherings meant as a celebration and acknowledgement of the efforts of an entire workgroup including meals, entertainment, and a token gift should be charged to unrestricted accounts as local meals.

**Entertainment:** As part of the effort to recruit faculty, an associate dean takes the recruit to dinner where he presents the merits of the school. The meal costs are chargeable to Entertainment.

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Local Meals: Unable to meet at another time of day due to scheduling conflicts, two faculty members meet over lunch to discuss the development of interdisciplinary curriculum. The meal should be charged to local meals.

The university maintains an expense reimbursement system that supports the collection of travel and entertainment information and out of pocket reimbursements. The natural accounts featured as reporting/recording options are designed to differentiate between local meals, entertainment meals and meals incurred while away from home.

### **RESPONSIBILITIES:**

It is the responsibility of the officers and deans to periodically advise faculty and staff of the requirements associated with this guidance.