

## **2359 – TRAVEL AND ENTERTAINMENT POLICY – MEALS AND ENTERTAINMENT**

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Resp. Office: Purchasing Services  
Approval: Executive Director, Purchasing Services  
Effective: April 1, 2015  
Last Revision: April 1, 2015  
Last Review: April, 2016

### **PURPOSE**

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This policy provides guidelines with regard to the purchase and reimbursement of meals and entertainment when traveling or entertaining on behalf of the University.

### **SCOPE**

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This policy applies to the procurement of meals and entertainment by and for all faculty, staff, students and postdocs traveling and entertaining on behalf of the University and seeking reimbursement for related expenses from the University regardless of the funding source.

### **FACULTY, STAFF, STUDENT, POSTDOC RESPONSIBILITY**

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It is the responsibility of every Penn representative to act in a prudent and reasonable manner when entertaining on behalf of the University. Penn representatives are expected to be familiar with the meal guidelines listed below, to abide by those guidelines and to retain and submit itemized receipts for meals of \$25 or more.

Full responsibilities of the employee, student or postdoc can be found in Policy #2352.

### **RESPONSIBILITY OF APPROVERS**

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Approvers perform a critical control function for the University. Collectively, approvers ensure that expense reports processed for payment are complete, appropriately funded, compliant with policy and are associated with activities that have a valid and necessary business purpose. Designated approvers should assist individuals, as necessary, with understanding applicable policies and compliance requirements.

Full responsibilities of approvers can be found in Policy #2352.

### **POLICY**

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Reimbursable personal meals are defined as individual meal expenses incurred when traveling on an out-of-town business trip. Consistent with IRS guidance, reimbursable personal meal expenses are those

incurred on business trips requiring an overnight stay. Travelers will be reimbursed for personal meal expenses, provided they are documented and reasonable. Meals should be taken at the most economical restaurant fitting the occasion.

1. Meal reimbursements, as a general rule, should not exceed the applicable federal daily per diem meal rate ([USPerDiemrates](#), [ForeignPerDiemrates](#)). It is acceptable to use the federal meal per diem rate in lieu of claiming actual meal costs. These federal rates drive the per diem rates in the Concur-TEM system. Schools, Centers and departments may restrict the use of per diem meal reimbursements at their discretion.
2. When not using the meal per diem rates, any meal that costs \$25 or more must be supported by original itemized restaurant receipts. Schools, Centers and departments may establish more strict requirements for receipt submission at their discretion.
3. If a meal is provided by a conference as part of the conference fee and a traveler elects to purchase a meal independent of the conference, such meals will be considered a personal expense and will not be reimbursed.
4. Alcoholic beverages consumed while traveling will not be reimbursed unless purchased in conjunction with necessary business entertainment. Alcoholic beverages cannot be reimbursed from federal grants or contracts.

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#### PER DIEM TRAVELER MEAL REIMBURSEMENT

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A per diem is an allowance amount determined using the U.S. government tables to cover meals and incidentals while traveling for business purposes. Per diem amounts are published by the General Services Administration (GSA) and are specific to major cities and built into the Concur-TEM system.

1. Reimbursement on a per diem basis for meals is to be used only where permitted by the traveler's School or Center and only on travel that includes an overnight stay. Meal receipts are not required when using a per diem rate, but travelers must be able to demonstrate that the trip or stay did occur.
2. Travelers claiming reimbursement on a per diem basis must use this method for the entire trip.
3. Domestic per diems are set by the U.S. government once a year. Foreign per diems can change on a monthly basis due to currency fluctuations. Foreign per diems for the months traveled are expected to be used.
4. Per diem information is managed within the Concur-TEM system and can also be obtained by:
  - Clicking here for [USPerDiemrates](#)
  - Clicking here for [ForeignPerDiemrates](#)

5. If a traveler is claiming per diem and entertains other travelers on behalf of the University during that trip, he/she may submit that business meal receipt for reimbursement provided the daily per diem amount is reduced.
6. If a meal is provided by a conference or meeting host and the traveler is claiming per diem, a deduction in the per diem amount should be made as well. A meal provided by a common carrier (such as an airline) or a complimentary meal provided by a hotel does not affect the per diem calculation.
7. Domestic and foreign per diems are adjusted for the first and last day of travel. Those per diem calculations are equivalent to 75% of the full daily per diem.
8. For per diem payments to non-U.S. citizens who have been invited to the Penn campus, follow the guidelines under [Policy No. 2362 – Non-Employees, Companies and Non-Resident Aliens](#).
9. Per diem policy only applies to meals. The University does not reimburse lodging on a per diem basis. Actual lodging receipts are required.

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## BUSINESS MEALS

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Business meals are meals with a clearly substantiated business purpose and are directly associated with the active conduct of University business. At a business meal, the business discussion is the primary purpose of the meal. Examples of business meals include meetings with business associates, professional colleagues, students and others at which a bona fide business discussion takes place. Business meals should adhere to the following rules:

1. Business meals or entertainment costs where the business purpose is to conduct local, state or federal lobbying activities must be separately identified and charged to object code 5336.
2. The frequency and number of local business meals should be limited. Acceptable reasons for local business meals include meals with a guest speaker, lecturer or recruits for prospective faculty, staff or students. These meals should be limited in terms of number of attendees and total cost. The cost of these meals should not exceed \$35 per person for lunch or \$80 per person for dinner (including alcohol, taxes and gratuities). Business meals exceeding these limits must be approved by a Supplemental Approver. Schools, Centers and departments establish lower per-person limits at their discretion.

Meals with other Penn colleagues in local restaurants are generally not reimbursable. Local meals with colleagues should be considered a personal expense unless the business being conducted is such that it cannot be done in the office. An explanation of the reason as to why the meeting could not take place in the office should be included as part of the business justification in the Concur-TEM reimbursement request.

Repetitive meal expenses. IRS regulations require that any payment made for repetitive expenses for an employee's routine food (e.g., lunches and coffee breaks) are considered taxable income.

3. For those instances where employees, students or postdocs are required to work during normal meal breaks (e.g., lunch hour), meals or refreshments with other Penn colleagues in offices/labs for working meetings are acceptable and considered a reimbursable expense.

4. The number of persons comprising the group involved in the local business meal should be limited to the host, the guest and two or three other Penn colleagues or affiliates. If the party is larger than three or four people, then a less expensive restaurant should be chosen.
5. Any of the following circumstances with other employees are considered reimbursable business meals:
  - When dining with other employees on an out-of-town trip, such as at a conference; or
  - When authorized by the department for staff reward or recognition.
6. Non-reimbursable entertainment expenses include parties or meals for birthdays, weddings, births, administrative professional's day or boss's day.
7. Alcoholic beverages consumed during business meals and/or meetings should be kept reasonable.
  - a) Alcoholic beverages purchased when traveling on University business or during local business meals will be reimbursed only if purchased in conjunction with necessary business entertainment.
  - b) Alcoholic beverages are unallowable for indirect cost allocation purposes. For all University-sponsored events at which alcohol is served, e.g., meetings, conferences, receptions, parties, retirements, fundraisers, etc., the alcohol costs must be considered entertainment and charged to the "Alcohol" expense type.
  - c) Alcoholic beverages that are used for entertainment functions in Pennsylvania must be purchased in Pennsylvania. For policy and procedures related to the purchase of alcoholic beverages for local events, go to the Purchasing website at:  
<http://www.purchasing.upenn.edu/buyinfo/how-to-buy-wine-spirits.php>.
  - d) If alcohol is being served at a University-sponsored meeting, the alcohol must be charged to the Alcohol expense type, while the meeting expenses can be charged to the appropriate meeting related expense type.
8. Entertainment expenses are those expenses incurred during a meal or an event that is business-related but social or celebratory in nature. Entertainment expenses include food and beverages, alcohol, catering services, banquet facilities, decorations and musical groups. Payments to a caterer, facility or transportation provider must be processed using a University purchase order or purchasing card.
  - a) When paying a performer for services rendered at an event (e.g., a pianist or vocalist), the performer must be paid as an independent contractor through AP Disbursements. These individuals cannot be paid directly by a University employee. For information on how to pay independent contractors, see: [http://www.finance.upenn.edu/comptroller/tax/contractor\\_guide.shtml](http://www.finance.upenn.edu/comptroller/tax/contractor_guide.shtml).