FREQUENTLY ASKED QUESTIONS
RE: OP 72.05 Expenditures for Official Functions, Business Meetings, and Entertainment

- Will we still be allowed to entertain on our XYZ fund?
  The funds that allow food and entertainment have not changed. Appropriated (state) funds cannot be used for food or entertainment. SPAR funds may be used as allowed by OP 65.08, within the restrictions of the specific grant or contract. Institutional funds may be used for appropriate expenses for the educational mission of the university, as may foundation and gift funds if specifically authorized in the gift agreement and to the extent and purpose authorized.

- What documentation must be included?
  You must include a completed food form (Attachment A), with details about the expense and a clear business purpose, and the form must be signed by all required individuals. As stated in the OP, the original itemized receipt must be attached. If the itemized receipt is not included, the Lost Receipt Form must be completed.

- What exactly is a “clear business purpose”?
  A clear business purpose is an explanation that provides enough information to show that the food or entertainment expense was clearly related to university business and supported the university’s mission. The business purpose should also indicate the benefit the university will receive from the expense.

- What signatures are required on the new food forms?
  As stated in Section 4b of the OP, each transaction related to an official function, meeting or entertainment expense must be reviewed by the department head or his/her designee to ensure that the expenditure is appropriate and allowable. The approving authority must be the individual’s supervisor or someone at a higher level classification. And if the department head is present at the event, the transaction must be reviewed and approved by the next administratively superior supervisor.

- What if we have more than 25 people attending? Are we going to have to list all their names?
  No, but we must have the total number of attendees and we need a list of all individuals who hosted the event, along with their titles and their affiliation or relationship to the university. In addition, we need a description of the group that attended the event.

- Section 1c mentions that at least one non-employee must be present. Will we be allowed to have working lunches for only employees and/or students?
  You can still have receptions, retreats, and training events on campus, where meals or refreshments are provided to employees and/or students, as long as there is a clear business purpose and it occurs to support employee time and productivity. Business meetings and entertainment events off campus, such as meals at local restaurants, should be conducted only when the guests include at least one non-system employee, such as a prospective employee or donor. Working lunches, though, will not be an allowable expense. (A working lunch is when an employee either continues to work through their lunch hour or goes to lunch with a group of colleagues and conducts business at the same time.)

- What does the maximum rate include?
  The maximum rate allowable for a meal includes the cost of the food and beverages (including any preliminary reception), the labor, delivery and service charges or fees, and any taxes (outside Texas). It does not include the room rental, room setup fees, AV charges, decorations, etc.

- What expenses are not paid or reimbursed?
  Business and entertainment meals will not be paid or reimbursed if they are not business related, if they are lavish or extravagant, if the host is not present during the activity, if there is not supporting documentation submitted for the transaction, or for spousal/dependent attendance that does not have a bona fide business purpose.

- Can we have birthday parties or going away parties?
  University funds of any type would not be allowed for these events.
- **Can we have a retirement party for an employee?**
  Reasonable expenditures for parties to honor the service of long-term employees upon their retirement are allowable with institutional funds.

- **Can we have a Christmas party?**
  Each department is allowed one annual event whether it is a Christmas party or an appreciation event. The event will be limited to the maximum amount listed in the OP.

- **What about spouses and family members attending?**
  Departments are allowed one annual party or appreciation event, and spouses may be invited to that annual party. No other guests will be permitted. At other events, spouses, family members or other persons accompanying employees must have a bona fide business reason for attendance. The OP outlines the IRS definition of a bona fide business purpose which is very strict.

- **Is alcohol still allowed?**
  Alcohol is permitted only when the funding source is not otherwise restricted from such purchase and within reasonable amounts/limits; i.e., the purchase of alcoholic beverages with dinner. It is inappropriate to expend funds for personal consumption during the routine day-to-day operations. Alcohol is not allowed on federal funds (FOPs beginning with 21).

- **Is water covered under this policy? Coffee? Sodas or candy or snacks for our break room?**
  Water and coffee are not restricted under this policy, and neither are things that go along with the coffee, such as creamer, sugar, etc. However, this policy does cover things like cocoa, sodas, snacks, candy and other items such as this, which means you will need to complete a food form and provide a clear business purpose for your purchase of these items—detailing exactly how these items relate to university business and support the university’s educational mission.

- **Is there a limit on tips?**
  Because there is a section on “appropriate and reasonable” expenses, we would strongly suggest that you limit your tips to 15% to 20% here in the US. (Less if you are traveling outside the US in an area that does not normally add meal gratuities as we do here in the US.) And if you are responsible for the ticket in a large group, please make sure you don’t add a gratuity if there’s already been one added to the total automatically.

- **Is Texas sales tax an allowable expense?**
  No. Departments can request a tax exempt card from purchasing.pcard@ttu.edu for any p-card transaction and a tax exempt certificate from techbuy.purchasing@ttu.edu for any purchase order transaction.

- **Can we utilize University Catering Services for expenses?**
  University Catering can be used but the expenditures must comply with the Operating Policy. Generally, the catering of “snacks” and “goodies” would not be considered a business purpose unless it is part of a retreat, business meeting, or official function.

- **Can we provide food baskets (i.e. cookie bouquets or fruit baskets)?**
  These would be considered gifts and would be covered under OP 62.25.

- **What if I need to make an expenditure that is outside of the OP rules?**
  You will need to submit Attachment C of OP 72.05 to the Vice President for Administration and Finance/Chief Financial Officer for TTU transactions or the Chief Financial Officer of the System for any System transactions prior to incurring the expense.