



Financial Services Standard Operating Procedure No. 3332			
SOP Title	Food and Business Meals Expense	Related Policy No.	UMB VIII-99.00 (A)
Last Updated	December 9, 2013	Refer Questions To	Disbursements Manager Financial Services 410-706-2931
Approved By	Kathleen Byington Chief Administrative and Finance Officer		

Purpose This Procedure provides detailed instructions and guidelines for using University of Maryland, Baltimore (UMB) funds to purchase meals and food and for reimbursing individuals for food purchases and business meals in accordance with UMB policy VIII-99.00 (A).

Scope This Procedure applies to purchases of food, beverage, and business meals charged to [UMB funds](#) paid directly to a vendor (through accounts payable via requisition or working fund, using the corporate purchasing card, or through the UMB Campus Center food services provider) or as a reimbursement to an individual. It also applies to purchases made through UMB affiliated entities when reimbursement is requested from UMB.

It does not apply to:

- the purchase of food for resale in auxiliary operations (e.g. Donaldson Brown Center);
- personal meals or food purchases related to approved UMB travel or employee relocations

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General Guidelines

I. Meal Rates

- A. Maximum meal rates are published on the Financial Services website on the [Rates page](#).
- B. The maximum amounts per individual (both employees and guests) stated in the policy include tax and tip.
- C. Rates are applicable to a specific time of day as follows:

Meal	Time Period Served
Breakfast	5AM – 9AM
Lunch	11AM – 2PM
Dinner	4PM – 8PM
Snack/refreshments	9AM – 11AM, 2PM – 4PM and 8PM-10PM)

Financial Services will determine the time of day based on the agenda and/or receipts.

II. Category of Expense

- A. Business Meals - A meal for one or more UMB [employees](#) with one or more non-UMB employees generally held in a restaurant where the business purpose is clearly identified.
 - 1. Reimbursements are only based on actual substantiated expenses (i.e. [itemized receipts](#)) and not based on per diems.
 - 2. Payments should be made with personal funds and will be reimbursed through the [eTravel](#) system. The [P-card](#) may not be used.
 - 3. When employees utilize personal funds for food service purchases they will be required to pay sales tax- this tax is reimbursable.
 - 4. Tips/gratuities for meals should normally be 15-18% of the total cost before tax. Reimbursement for tips should not exceed 20%. Tips/gratuities are reimbursable.
 - 5. Business meals may be provided for during business travel but a per diem for the same meal will not be allowed.
 - 6. Expenses in this category should be charged to account No.3773- Business Meals.

- B. Food Purchases - Reimbursement to an individual for the cost of purchasing food and beverage to be served on UMB property or at an off-campus location for a group of people.
 - 1. The P-card is the preferred method to use for food purchases.
 - 2. The frequency and amount of reimbursements to individuals for food purchases should be kept to a minimum and only used when the use of the P-Card is not an available option.
 - 3. If the P-Card is not an available option, payments should be made with personal funds and will be reimbursed through the [eTravel](#) system or via requisition (if combined with non-food reimbursement).
 - 4. When individuals utilize personal funds for food service purchases they will be required to pay sales tax. This tax is reimbursable.
 - 5. Reimbursement for an event must be less than \$5,000.
 - 6. Expenses in this category should be charged to account No. 3745-Food Reimbursements.
- C. Catering Services- The purchase of meals or refreshments served on UMB property or at an off-campus location for a group of people paid directly to a vendor.
 - 1. Events that are estimated to be \$5,000 or more or under \$5,000 but cannot be paid via the P-Card require a purchase order. (This does not apply to purchases from the Campus Center food vendor).
 - 2. Generally, tips/gratuities for caterers should not exceed 10% unless required per contract.
 - 3. Expenses in this category should be charged to account No. 3746-Catering Services.

III. Approvals

- A. It is the responsibility of each employee/department to obtain the appropriate approvals for food purchases or meal reimbursements.
- B. Approvers are only authorized to approve expenses that are allowable per the policy.
- C. For employee reimbursements, business meal and food/catering expenses must be approved by the employee's supervisor (or designee) and by a [person with fiscal authority](#) for the funds used to pay for the meal in accordance with UMB policy VIII- 14.00(A) Approval, Payment and Reimbursement of Personal Business Related Expenses of UMB Employees. This approval is captured in the [eTravel](#) system.

- D. For non-employee reimbursements, business meal and food/catering expenses must be approved by a [person with fiscal authority](#) for the funds used to pay for the meal. This approval is captured in the [eTravel](#) system.
- E. For payments not processed through the [eTravel](#) system, the Department Head or designee must approve the expense.

IV. Documentation

- A. In order to exclude business meal reimbursements from employee income, the university must adhere to the IRS rules for an “[accountable plan](#)” which requires that the expenses be:
 - 1. substantiated with the cost, date, name and address of the place, business purpose for the expense or the business benefit gained or expected to be gained, and the occupations or other information (such as names, titles, or other designations) about the recipients that shows their business relationship; AND
 - 2. accounted for within a reasonable period of time. The IRS definition of reasonable period of time depends on the facts and circumstances of the situation. However, actions that take place within 60 days will always be treated as taking place within a reasonable period of time.
- B. The Food Services/Business Meal Approval (FSBMA) form was created to capture the elements needed to meet the IRS standards for an [accountable plan](#) and summarize the food/meal event to facilitate the determination of compliance with the policy and procedures.
 - 1. The FSBMA form is used to document:
 - a. the business purpose of the function
 - b. attendees by name, title and affiliation
 - c. the cost per person
 - d. the time of day and type of meal
 - e. department approvals for purchases not submitted through the [eTravel](#) system or on a [PUR02](#)
 - 2. Although the FSBMA form is optional, the information requested on the form must be submitted or retained for all food and business meal expenses that fall under the UMB VIII-99.00 (A) policy. Information submitted or retained on other documents will be accepted.
- C. Adequate documentation for business meal or food reimbursements **payable to an individual** (through the [eTravel](#) system) must include:
 - 1. The FSBMA form or information equivalent.

2. Itemized invoices or receipts to support actual costs incurred. An [itemized receipt](#) will show the exact food purchased- it is not sufficient to submit just the credit card receipt showing the total of the meal plus the tip.
 3. In extraordinary circumstances where an [itemized receipt](#) cannot be obtained, the employee will be required to provide a “no alcohol” statement. The following statement should be included in the comments section of the eTravel form:

“I certify that costs for alcoholic beverages are not included in the receipt for which I am seeking reimbursement.”

Or

“I certify that costs for alcoholic beverages that are included in the receipt have been deducted from my reimbursement request”.
 4. The meal or food reimbursement request should not exceed the amounts stated in the policy unless the appropriate policy exception approval is obtained in writing.
 5. If the balance on a receipt is adjusted to remove alcoholic beverages, the corresponding tax and tip must also be removed.
 6. When funds from contracts or grants are used, a copy of the part of the agreement that shows food or meals are allowable expenses must be submitted
 7. Reimbursement requests that are not adequately documented may result in non-payment
- D. Adequate documentation for food services purchases **payable to a vendor** (through all payment mechanisms except the [eTravel](#) system) must include:
1. The FSBMA form or information equivalent signed by the Department Head or designee.
 2. Itemized invoices to support actual charges. An itemized receipt will show the exact food purchased.
 3. If alcoholic beverages are purchased for an event that will be paid for with non-UMB funds, a separate invoice must be requested.
 4. The food/catering services request should not exceed the amounts stated in the policy unless the appropriate policy exception approval has been obtained in writing.
 5. When funds from contracts or grants are used, a copy of the agreement that shows food or meals are an allowable expense must be submitted. The relevant section of the agreement, together with the first page and the signature page, suffices.

- V. The category of expense and method of payment will be used to determine the appropriate procedures. The following chart summarizes the options:

Method of payment⇒ Category of expense ↓	eTravel System	Purchase Order	Campus Center	Working Fund	P-Card
Business Meal	✓				
Food Reimbursement	✓	✓ (PUR02)			
Catering Services		✓ (PUR01)	✓	✓	✓

Procedures

I. [eTravel System](#)

- A. This payment method generates either a reimbursement in an employee's paycheck or a check to a non-employee from the State of Maryland General Accounting Division (GAD) in Annapolis.
- B. The person initiating the request should complete the FSBMA form or insure that the information requested on the FSBMA appears on other supporting documentation submitted.
- C. Attach the FSBMA form or information equivalent and other required supporting documentation (see General Guidelines section IV-[Documentation](#)) to the electronic request. The original receipts and documentation must be retained by the [Travel Admin](#)'s department.
- D. Use Account No.3773- Business Meals or Account No. 3745- Food Reimbursements.
- E. The employee or Travel Admin must select the appropriate supervisor for electronic approval. If an exception from the policy is needed then the Chief Administration and Finance Officer (CAFO) must be selected as the supervisor.
- F. The eForm will be routed to the person with fiscal authority for the chartstring cited on the eForm.
- G. The eForm will be routed to Financial Services for final approval. If the eForm cannot be approved as submitted the eForm will be recycled back to the initiator for correction and resubmission.
- H. For employees, reimbursement will be made in the next paycheck after it is approved by Financial Services.
- I. For non-employees, reimbursement will be made by GAD within 2-3 weeks after it is approved by Financial Services.

II. Purchase Order

- A. This payment method generates a check to the vendor from the State of Maryland General Accounting Division in Annapolis. It must be used for any catering services of \$5,000 or more or for catering services under \$5,000 for vendors who do not accept the P-Card.
- B. Purchase orders are subject to general procurement rules and bids or sole source documentation may be required.
- C. This payment method is used for the monthly reimbursement of authorized food purchases to the University of Maryland Medical Center (UMMC).
- D. If a food reimbursement is combined with a non-food reimbursement (ex. Supplies) a PUR02 requisition may be submitted instead of reimbursement through the [eTravel](#) system.
- E. The person initiating the request should complete the FSBMA form or insure that the information requested on the FSBMA appears on other supporting documentation submitted
- F. The person with the Requisitioner role in eUM should attach the FSBMA form or information equivalent to a requisition in eUM along with the other supporting documentation (see General Guidelines section IV- [Documentation](#)) to obtain a PUR01- Procurement Purchase Order or PUR02- Non-procurement Purchase Order.
- G. Use Account No. 3746- Catering Services or Account No. 3745- Food Reimbursements.

III. Campus Center

- A. This payment method allows a UMB department to contract with our food services vendor in the Campus Center and have the charges directly billed to UMB.
- B. Catering services for events held in the Campus Center that are over \$5,000 do not require purchase orders.
- C. The Department of Auxiliary Services (DAS) is responsible for the oversight of the billings between the food service vendor and UMB.
- D. The person initiating the request should complete the Food Services/Business Meal Approval (FSBMA) form or insure that the information requested on the FSBMA appears on other supporting documentation submitted

- E. The [person with Fiscal Authority](#) in the department initiating the request for Campus Center food services should retain the approved FSBMA form or information equivalent along with the other supporting documentation (see General Guidelines section IV- [Documentation](#)).
- F. Use Account No. 3746- Catering Services.
- G. Purchases for food directly billed through the Campus Center that are not in accordance with policy must be reimbursed to UMB from external funds (i.e. Foundation or personal funds)

IV. Working Fund

- A. This payment method generates a check payable to the vendor from the UMB Financial Services department. It must be picked up by a person in the requesting department who is responsible for giving the check to the vendor.
- B. Working Fund requests should only be used when the vendor requires a payment prior to the event (i.e. a deposit) and does not accept the P-Card.
- C. Invoices must be less than \$5,000.
- D. The person initiating the request should complete the Food Services/Business Meal Approval (FSBMA) form or insure that the information requested on the FSBMA appears on other supporting documentation submitted
- E. The approved FSBMA form or information equivalent should be attached to a Working Fund Request form along with the other supporting documentation (see General Guidelines section IV [Documentation](#)).
- F. Use Account No. 3746- Catering Services.

V. P-Card

- A. This payment method utilizes the State of Maryland Visa cards issued to UMB employees. It can be used with vendors who are authorized and willing to accept Visa cards.
- B. Invoices must be less than \$5,000.
- C. The person initiating the request should complete the FSBMA form or insure that the information requested on the FSBMA appears on other supporting documentation submitted
- D. The P-Card holder must retain the FSBMA form or information equivalent along with other supporting documentation (see General Guidelines section IV- [Documentation](#)). This information must be available for review during routine audits of purchasing card transactions by central administration or external auditors.

- E. Use Account No. 3746- Catering Services.
- F. Purchases for food using the P-Card that are not in accordance with policy must be reimbursed to UMB from external funds (i.e. Foundation or personal funds).

Responsibilities I. Individuals Seeking Reimbursement

- A. Complete the FSBMA form or insure that the information requested on the FSBMA appears on other supporting documentation submitted
- B. Ensure that the reimbursement requested is within the dollar limits set forth in UMB policy and within department specific guidelines
- C. Ensure that reimbursement is not requested for alcohol (including the related tax and tip)
- D. Submit the request for reimbursement not later than 60 days after the expense was incurred
- E. Submit the appropriate detailed original receipts (see General Guidelines section IV- [Documentation](#))

II. Schools/Departments

- A. Ensure all food purchases and meal reimbursements are appropriate and in compliance with UMB policy
- B. Ensure the expense has a documented bona fide business purpose (the topic of discussion or activity of the meeting warrants the use of funds for the meal or food expense) and the benefit derived from the expense is an effective use of University resources. Note- “Employee morale”, or similar wording, is not considered an acceptable benefit or a bona fide business purpose.
- C. Ensure that business meal or food reimbursements for employees are approved by the employee’s supervisor and by a person with fiscal authority for the funds used to pay for the meal in accordance with UMB policy VIII- 14.00(A) Approval, Payment and Reimbursement of Personal Business Related Expenses of UMB Employees
- D. Ensure the proper supporting documentation including the FSBMA form or information equivalent is submitted to Financial Services and/or kept on file in the department (P-Card purchases)
- E. Utilize authority to limit the amount of reimbursement or payments based on the availability of funds, availability of lower cost alternatives, specific requirements of funding sources, or reasonableness

III. Department of Financial Services

- A. Ensure all necessary documentation is attached to:
 - 1. Requisitions (PUR01 and PUR02)
 - 2. eTravel forms
 - 3. Working Fund requests
- B. Process all requests in a timely fashion
- C. Review receipts and disallow any charges that exceed policy limits such as amount per meal or calculation of tips
- D. When discovered, disallow food purchases and meal reimbursements that are not in compliance with UMB policy even if appropriate approvals were obtained
- E. Contact the department if exceptions are found to determine if they will accept the disallowance or choose to submit an exception request to the CAFO.

Terms and Definitions

Term	Definition
Affiliated Entity	An entity that has a relationship with UMB authorized by the Board of Regents or by law, e.g., faculty practice plan organizations, UMB Foundation and other affiliated foundations, recognized incorporated alumni associations, affiliated business entities, the University of Maryland Medical System/University of Maryland Medical Center, and other University System of Maryland institutions.
Employees	Includes all UMB employees (staff, faculty, residents, and postdoctoral fellows; regular, contingent I and contingent II), trainees, and employees of Affiliated Entities.
eTravel System	Electronic system used at UMB to reimburse employees and others for expenses related to travel. It is also used to reimburse employees for business meals and food as defined in this procedure. Expense statements are electronically routed for approval and scanned images of documentation are maintained in the system.
Information Equivalent	Certain information must be submitted with any request for payment of food and business meal expenses. Documentation that includes the following information may be submitted or retained in lieu of using the FSBMA Form: <ul style="list-style-type: none"> 1. Business purpose and type of function 2. Attendee list by name, title and affiliation 3. Function start and end time 4. Type of meal 5. Cost per person 6. Department head or designee approval if required.

Term	Definition
IRS Accountable Plan	An accountable plan is a method for reimbursing employees for business expenses that complies with IRS regulations. If the IRS rules for an accountable plan are maintained, reimbursement paid to employees is not required to be treated as taxable income.
Itemized receipt	An itemized receipt is one that details the cost and provides a description of food and beverages per individual served. It also includes the name and address of the vendor, the date, and applicable tax.
P-Card	The corporate purchasing credit card (Visa) assigned to select employees at UMB.
Person with Fiscal Authority	The person who has been designated as the responsible overseer for the financial administration of one or more projects within a department or division. This person accepts responsibility for authorizing the fiscal activity that appears within the financial accounting records for their projects.
PUR01	Process in the UMB financial system used to purchase goods and services in accordance with standard State procurement procedures.
PUR02	Method established in the UMB financial system to process transactions for payment that are not considered to be in accordance with standard State procurement procedures.
Routine	In the context of frequency or types of meetings- a meeting is routine when it is one that is regularly scheduled or reoccurring on a periodic basis (i.e. weekly, bi-weekly, monthly, quarterly, annually, etc.).
Travel Admin	The person in each department/school/division who is responsible for the first approval in the eTravel System.
UMB Funds	All funds administered by UMB, regardless of fund source. UMB funds include State Appropriations, Auxiliary funds, Revolving/Discretionary funds, Designated Research Initiative Funds, Contracts or Grants, and Other Restricted funds.

Exceptions

Exceptions to these Procedures must be approved in writing by the Controller in Financial Services. All requests should be in the form of a memo to the Controller signed/e-mailed by the Department Head or designee.

Forms

- I. Paper forms can be obtained from the Financial Services website:
<http://www.fincsvc.umaryland.edu/forms.cfm>

Form Name	Completed by	Original Sent to	Purpose
Food Services/Business Meal Approval (FSBMA)	UMB Department	Financial Services or kept by Dept for PCard purchases	Used to document the details, including business purpose, of food/catering or business meal purchases
General Working Fund Request	UMB Department	Financial Services	Used to request Working Fund checks in appropriate circumstances

- II. eForm- available in the eUM portal

eForm Name	Completed by	Electronic-ally Sent to	Purpose
Travel Expense	Employee or Travel Admin	Financial Services	Used to request business meal or food reimbursements to employees or other individuals

Related Training/ Guidance

- I. eForms for Travel
- A. UPK link- <http://cf.umaryland.edu/ondemandtraining/enterprise/PlayerPackage/d ata/toc.html>
 - B. UPK Menu: eForms> Travel eForms
- II. Purchasing card (PCard)
- A. UPK Link: <http://cf.umaryland.edu/ondemandtraining/enterprise/PlayerPackage/d ata/toc.html>
 - B. UPK Menu: eUM Financials> Pro Card Reallocation
 - C. Corporate Purchasing Card Instructions- <http://www.procurement.umaryland.edu/Cpc/index.htm>
- III. Requisitions
- A. UPK Link: <http://cf.umaryland.edu/ondemandtraining/enterprise/PlayerPackage/d ata/toc.html>
 - B. UPK Menu: eUM Financials> Managing Requisitions
- IV. Related Policies and Procedures
- A. UMB Policy VIII- 14.00(A) Approval, Payment and Reimbursement of Personal Business Related Expenses of UMB Employees
 - B. A&F Policy No. 3352- Working Fund