

## UNIVERSITY POLICY

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

Effective September 19, 2016 – updated November 2017

#### Personal Meals

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 (US Per Diem rates, Foreign Per Diem rates). 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. PennDesign restricts the use of per diems to extended overnight stays (4 or more overnights).
2. All meals must be supported by original itemized restaurant receipts\*. If a receipt is missing, it is the responsibility of the traveler to obtain a copy of the receipt. Schools, Centers and departments may establish more restrictive 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 will not be reimbursed. Alcoholic beverages cannot be reimbursed from federal grants or contracts.

\*An international per diem (government approved daily expense for meals and incidentals) should be used prudently with *prior written approval* from PennDesign's Finance Administration Office (FAO). A per diem should never be used as a substitute for required receipts, submitted as the sole reimbursement on a Concur Expense Report, or used in conjunction with meal receipts.

#### Business Meals

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. Business meals are meetings with a non-Penn affiliated guest 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 business meals should be limited. Acceptable reasons for business meals include meals with a distinguished guest speaker or lecturer, prospective donor 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 \$25pp for breakfast, \$35pp for lunch, or \$80pp for dinner (including alcohol, taxes and gratuities). Business meals exceeding these limits will be deemed a personal expense and not be reimbursed. Schools, Centers and departments can establish lower per-person limits at their discretion.

- a. Lecture series dinners will be capped at \$640 per event. Lecture series dinners exceeding this limit will be deemed a personal expense and not be reimbursed. Student representation is highly encouraged.

Business meals in restaurants with only Penn affiliates are not reimbursable. Meals with Penn affiliates will be considered a personal expense and not be reimbursable.

The only exceptions are:

- a. A lecture series dinner where the main speaker is a Penn affiliate who is not receiving a fee (extra services) and travel-related offers for speaking.
  - b. For those very rare instances where employees are required by their supervisor to work during normal meal breaks (e.g., lunch hour), meals or refreshments purchased from a Penn approved vendor directly by the school on behalf of the employees asked to work.
3. 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.
  4. The number of persons comprising the group involved in the business meal should be limited to the host, the guest and two or three other Penn affiliates. If the party is larger than three or four people, then a less expensive restaurant should be chosen.
  5. Non-reimbursable entertainment expenses include parties or meals for staff, faculty, and student arrivals, departures, appreciations, birthdays, weddings, births, administrative professional's day or boss's day.
  6. Alcoholic beverages consumed during business meals and/or meetings should be kept reasonable.
    - a) Alcoholic beverages purchased when traveling on University business or during business meals will be reimbursed only if purchased in conjunction with necessary business entertainment with a non-Penn affiliate.
    - 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: <https://cms.business-services.upenn.edu/purchasing/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.

## **2352 – TRAVEL & ENTERTAINMENT POLICY – PROCUREMENT OF TRAVEL, ENTERTAINMENT AND OTHER MISCELLANEOUS GOODS AND SERVICES BY AFFILIATES**

Affiliates are defined as employees (faculty and staff), students and postdocs. Employees and students are those individuals who are active in the University's HR/Payroll System and Bursar System, respectively. Postdoc status must be verified through associated school records.

## 2354 – TRAVEL AND ENTERTAINMENT POLICY – AIR TRAVEL

The mode of air travel is expected to be the least costly option consistent with the itinerary and particular University business involved. On federally funded projects, compliance with the Fly America Act <https://www.gsa.gov/policy-regulations/policy/travel-management-policy/fly-america-act> takes precedence over choosing a less expensive foreign carrier.

1. Coach accommodations should be used at all times, and travelers are expected to take advantage of advance purchase rates and the University's negotiated discounts. Upgrades in coach class such as Economy Plus seating are considered a personal expense unless approved in advance by School/Center administration.
2. Business or First Class travel will not be reimbursed or allowed on the airline billing account unless a documented medical condition signed by the traveler's primary physician for flights over 5 hours is on file with the head of the School or Center (or a designated representative). Business class on sponsored research must also meet the strict guidelines stated under the Fly America Act (Federal Travel Regulations, §Part 301-10) and be documented for audit purposes.
3. The cost of seat selection, boarding preference, alcohol, Wi-Fi and entertainment are all non-reimbursable expenses.
4. Full coach fares that allow upgrade opportunities are unacceptable if a lower fare was available. Upgrades at the expense of the University are not permitted.
5. A traveler may elect to upgrade to Business or First Class if he/she agrees to personally pay the difference in airfare from the least expensive airfare on that particular routing, which may be confirmed by Concur-TEM.
6. Traveler participation in frequent flyer programs must not influence flight selection, which would result in additional costs to the University from the lowest airfare. The University will not reimburse travelers for tickets purchased with frequent flyer miles.

## 2356 – TRAVEL AND ENTERTAINMENT POLICY – LODGING

The cost of lodging should be kept at a minimum by requesting standard room accommodations whenever possible. Penn travelers are strongly encouraged to use standard accommodations at reasonably priced mid-market hotels or motels. Requests should be made for Penn discounts, educational discounts or other special rates to obtain the best price. Itemized hotel receipts, along with itemized expense entry in the Concur-TEM expense system, are required for reimbursement. The University generally does not approve accommodations at upscale or luxury hotels (Ritz, Four Seasons, etc.). However, an exception is made when a conference, workshop or other University business is scheduled at a luxury or upscale hotel. When traveling to any of these events, it is considered appropriate to stay at one of the hotels hosting the conference, ***even if the rate may exceed the guideline.***

Legitimate lodging expenses include:

- Single room rate unless traveling with a colleague;
- Business telephone calls (use of Verizon calling cards is encouraged to reduce the cost of long

- distance calls from hotel rooms) (see Policy #2361);
- Reasonable number of calls to home; and
- Luggage storage and tips for service.

(1) The University will not reimburse travelers for the following expenses:

- In-room video rentals;
- In-room alcoholic beverages;
- Alcoholic beverages not purchased in conjunction with necessary business entertainment;
- Health club or exercise room fees;
- Recreational charges such as golf, tennis and ski lift tickets;
- Laundry and dry cleaning charges (unless traveling for more than five days); and/or
- Costs incurred for failure to cancel hotel reservations unless the head of the School or Center or a designated representative approves the expense.

(2) If a traveler elects to stay at a private residence, the traveler may be reimbursed for a small gift or meal extended (in lieu of lodging) as a gesture of appreciation to friends and relatives for their hospitality.

(3) Lodging reimbursement must be requested with actual costs. Per diems may not be used for lodging.

(4) When making reservations for visitors to Penn, departments are encouraged to use Penn's preferred hotels on campus and in Philadelphia.

### **GIFT CARDS**

The purchase of gift cards on department, student, grant and contract, or personal research funds (i.e. faculty development funds) are unallowable with the exception of incentives used to increase participation in University/School-wide events (i.e., Penn's Way, New Student Orientation).

**\*\*Under no circumstances can Gift Cards be purchased using the Purchasing Card (P-Card)\*\***