

Oklahoma Employment Security Commission



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Oklahoma Employment and Training Issuance # 2-2010

TO: WIA Board Chairs
WIA Board Staff
WIA Fiscal Agents

FROM: Richard J. Gilbertson, Director
Workforce Integrated Programs Division

DATE: February 9, 2010

SUBJECT: Use of Grant Funds to Pay for the Cost of Meals, Food, Coffee or other Refreshments for Employee Consumption.

BACKGROUND: U.S. Department of Labor (DOL), Region 4, Financial Management Bulletin 01-10 (R4FMB No. 01-10), "Use of Grant Funds to Pay for the Cost of Meals, Food, Coffee or other Refreshments for Employee Consumption" - **Effective February 28, 2010.**

PURPOSE: To provide guidance to grantees on the prohibition of using ETA funds to provide meals, food and refreshments for employees.

MESSAGE: The use of ETA grant funds to pay for meals, food, coffee or other refreshments (hereafter referred to as "meals") consumed by employees is prohibited except as described below.

- When an employee is in a travel status, the cost of meals is limited to such costs that are allowable by the grantee's official travel policies, or, in the absence of an official travel policy on the issue, the Federal Travel Regulations (FTRs) apply. The FTRs provide for a per diem system and an actual expense system to underwrite the cost of meals consumed by employees when in a travel status. The FTRs permits such payments only when an employee is in travel status overnight. An exception to the overnight requirement is provided when travel during the course of a day exceeds 12 hours and is authorized in advance.

The Federal cost principles provide that, "Such [travel] costs may be charged on an actual cost basis, on a per diem...basis in lieu of actual costs incurred, or on a combination of the

two, provided the method used is applied to an entire trip, and results in charges consistent with those normally allowed in like circumstances in the [institution's] non-federally sponsored activities" (OMB Circular A-21, Para. J, Item 53; OMB Circular A-87, Attachment B, Item 43; and OMB Circular A-122, Attachment B, Item 51).

- The OMB Circulars allow for the costs of meals incidental to the cost of meetings and conferences where the primary purpose is the dissemination of technical information (OMB Circular A-21, Para. J, Item 32; OMB Circular A-87, Attachment B, Item 27; and OMB Circular A-122, Item 29). These costs are allowable when the grantee incurs such costs in the process of conducting meetings or conferences with external customers and other professional colleagues outside of the entity's organization. Therefore, if employees are participating in an allowable activity then the incidental costs for the meals and refreshments they consume may be allowable. However, charging costs for meals while engaging in day-to-day business or staff training with employees of that organization does not fall within this criterion. Also, the cost of a "working lunch" with external customers and other colleagues is only considered "reasonable and necessary" when there is adequate documentation on the necessity of having the meeting during a meal time instead of during normal business hours. Documentation should specify what ETA-related subjects were discussed, and include a list of participants and dated itemized meal cost receipts.

ACTION REQUIRED: Grantees must develop a policy that is consistent with this guidance. The lack of appropriate policies, procedures and systems could result in findings and disallowed costs. Copies must be distributed to appropriate staff and subcontractors. A copy of this issuance must be maintained as a part of your permanent file.

INQUIRES: Questions regarding this issuance should be addressed to Jackie Younge at 405-557-5314, Jackie.younge@oesc.state.ok.us

RESCISSIONS: This issuance supersedes and rescinds **MEMORANDUM #M-08-2009**.

jy