



**DEPARTMENT OF WORKFORCES SERVICES
ISSUANCE NUMBER PY 10-12**

Artee Williams, Director

June 21, 2011

TO: Local Workforce Investment Areas/Service Providers

SUBJECT: Use of Grant Funds for the Cost of Meals, Food, Coffee, or Other Refreshments for Employee Consumption

1. **Purpose:** To remind local workforce investment areas and service providers of guidance provided on the prohibition of using U.S. Department of Labor, Employment and Training Administration (ETA) funds to provide meals, food, and refreshments for employees.
2. **Background:** The following guidance was issued by U.S. Department of Labor (DOL), Region 4, Financial Management Bulletin 01-10 (R4FMB No. 01-10), and provided to local areas at the September 2010 joint WIA/DWS Managers meeting.
3. **General Information:** 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 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.

Available Resources and Assistance:

Federal Travel Regulations 41 CFR 301-11

OMB Circular A-87, Attachment B, Items 3, 14, 20, 27, and 43

OMB Circular A-122, attachment B, Items 3, 14, 19, 29, and 51

OMB Circular A-21, Paragraph J, Items 3, 17, 22, 32, and 53

4. **Action Required:** Grantees should have a written policy established that is consistent with this guidance. The lack of appropriate policies, procedures and systems could result in findings and disallowed costs.
5. **Inquiries:** Fred Wiedower (501) 683-5358 or fred.wiedower@arkansas.gov
6. **Expiration Date:** Ongoing