



ACCOUNTING POLICY AND PROCEDURES (APP) MANUAL

TOPIC: Section 10 – Special Expense 2.0	EFFECTIVE DATE: 08/02/1983
TITLE: Break Expense	REVISION DATE: 02/04/2015
AUTHORIZED BY: Deputy Director, Bureau of Fiscal Services	

BACKGROUND

The Department of Health Services (DHS) is served by a substantial number of advisory bodies (committees, councils, and boards) with members who volunteer their time and receive little or no remuneration. Most members are not state employees but may be employed in other levels of government (counties, cities, schools, etc.) or in the private sector. In some situations, Department staff members may be required to attend advisory body meetings. The Department also sponsors meetings, conferences, or training workshops for employees.

In some cases it is important for business reasons to conduct work during breaks or to allow refreshments. The following policy has been developed to determine when Department funds may be allowed for coffee or light refreshments provided to attendees during breaks. This policy is based on Department of Administration (DOA) policy.

POLICY

Meetings, conferences or training workshops must be necessary and in accordance with the mission of the Department in order for any costs to be incurred by the state. To be allowable, the expenses must be reasonable, necessary and ordinary expenses of carrying out state business.

Department employees must use good judgment in requesting break expenses which are to be paid for with Departmental funds. Payment of expenses for refreshments/breaks may be allowed if the following procedures are met.

PROCEDURES

1. Break expenses may be allowed provided that one of the following conditions are met:
 - a. The majority of attendees are non-state employees. For purposes of applying this provision, board members are not considered state employees.
 - b. Facilities are not available in or near the meeting location to allow attendees to obtain break items on their own within a reasonable time period.

Special criteria for b:

- (1) "Facilities are not available" means that there is nothing within the building or its reasonable proximity where attendees could obtain and consume normal break items within a typical break period (10-20 minutes).
- (2) Do not need to have majority of non-state employees.

- c. Having the attendees leave the meeting room would have an adverse effect on the continuity of the meeting. In this situation, it is expected that break items be consumed while the business meeting or program continues.

Special criteria for c:

Do not need to have majority of non-state employees.

- d. Any other situation not covered under a, b, or c above must have prior written approval from the Department's deputy secretary. The request should include purpose of meeting, planned attendees, place of meeting, type and amount of refreshments being proposed, and why the break expenses should be paid with Departmental funds.
2. The total cost per break per person shall not exceed \$7 (inclusive of gratuity).

Special Note: The maximum allowable gratuity for individually purchased break items is 15 percent. The Department no longer requires vendors to accept 15 percent as the maximum gratuity or service charge on group-purchased break items at conferences and/or meetings. For group-purchased break items, the amount of gratuity or service charge is to be based upon what is negotiated between the vendor and the Department. This amount will be considered the industry normal amount. The break maximum, which includes the gratuity, still applies.

- 3. Allowable break items include a nonalcoholic beverage (coffee, milk, soft drink, juice, etc.) and a small pastry item or fruit.
- 4. The refreshment break(s) should not be more than two per day for a full day meeting and typically be mid-morning and/or mid-afternoon or one per half day meeting. Please attach the agenda, as documentation, to the voucher submitted for payment.
- 5. Payment must be made by the Department directly to the vendor and not as a reimbursement to each attendee. The Department currently requires a purchase requisition if the cost is from \$100 to \$5,000. If the cost exceeds \$5,000, a purchase order is required.

Special Note: The P-Card may be used as an alternative to pay for group-purchased meals in lieu of using a Purchase Requisition. This also includes those situations where the payment is below the Purchase Requisition requirements.

If necessary, the state employee in charge of the meeting may pay for such refreshments and claim reimbursement on a travel voucher within the limits for other expenses given in Chapter 205 of the DHS Human Resources Policies and Procedures Manual. This procedure will be used only when direct billing by the vendor is not feasible for some specified reason.

6. The payment voucher must include:
- a. Appropriate original invoice(s) or receipts.
 - b. A list of individuals in attendance, identifying state employees and non-state employees.

- c. Payment vouchers for break expenses which fall into category 1.b. and c. above must include written justification and prior approval by the division administrator/office director, who may delegate this further. This may not be delegated further than bureau directors. If the division administrator/office director further delegates this approval authority, a signed statement identifying the designee must be forwarded to the supervisor, Accounts Payable/Preaudit Unit, Expenditure Accounting Section, Bureau of Fiscal Services.
- d. Payment vouchers for break expenses which fall into category 1.d. above must include the written justification and prior approval by the Department's deputy secretary.

Attached are examples of some hypothetical situations that may be encountered. Some of these examples meet the payment guidelines established in this policy, while others do not.

ATTACHMENT

Examples of Allowable and Non-Allowable Break Expenses

REFERENCES

DHS Human Resources Policies and Procedures Manual, [Chapter 205](#), Reimbursement – Travel and Other

CONTACTS

[Unit Supervisor, Expenditure Accounting Section](#)

ATTACHMENT

EXAMPLES OF ALLOWABLE AND NON-ALLOWABLE BREAK EXPENSES

Department employees must use good judgment in incurring break expenses which are to be paid with Departmental funds. To be allowable, the expenses must be reasonable, necessary and ordinary.

Allowable Break Expenses

In the following hypothetical situations, the identified expenses meet the Department's guidelines and would be allowable.

1. Ten non-state employees, members of an advisory body, meet to discuss a new Department program. Three state employees were requested to attend to provide information to the advisory body. The half day meeting was held from 8:00 a.m. to 11:30 a.m. Mid-morning, coffee, soda and sweet rolls were available. The total cost of these items was \$35.75. This is allowable because the majority of attendees are non-state employees, and the break cost is within the \$7 per-person per-break maximum.
2. Agency holds a full day meeting for 12 state employees at the Yahara Center. Break cost was \$2.50 per person per break. Written justification and approval from the division administrator/office director or delegated designee was obtained for using a non-state facility. This is allowable because justification and division administrator/office director or delegated designee approval is in place, and costs are within the \$7 per-break per-person maximum. The break expense would be allowed because normal break facilities were not available at this location for the state employees.
3. Agency holds a half day training workshop for 20 state employees. Due to the trainer's schedule and nature of training, coffee, juice and muffins were made available at each table. The break items were consumed while the training took place. This was done so there would not be an adverse effect on the continuity of the training program. Prior division administrator/office director or delegated designee approval had been received. The cost was also within the \$7 per-person per-break maximum.

Non-Allowable Break Expenses

In the following hypothetical situations, the identified expenses do not meet the Department's guidelines and would not be allowable.

1. Eight non-state employees, members of an advisory body, met to discuss a new Department program. Six state employees were requested to attend. The half day meeting was held from 1:00 p.m. to 4:00 p.m. At mid-afternoon, Swedish meatballs, beef teriyaki, hot fudge sundaes and other items were available for break. The cost was \$8 per person. This is not allowed because the cost exceeded the \$7 per-person per-break maximum. In addition, the items are not considered ordinary, necessary and reasonable break items.
2. An agency proposes to hold an open house. It was to be primarily attended by non-state employees, and some state employees were to attend. The break items were to include chocolate-dipped strawberries, finger sandwiches, egg rolls and other items. The cost per person would have been \$8.

This is not allowed because there is a limited amount of official state business being conducted and this is more of a social event. In addition, the costs are unreasonable, and the refreshments are not considered ordinary and necessary break items.

3. An agency holds a conference in Madison. It is attended primarily by non-state employees from the Madison area. Registration was at 8:00 a.m. to 8:30 a.m. A continental breakfast, which cost \$6 per person, was provided during the registration. At the 10:30 a.m. break, coffee, soda and a small sweet roll were provided at a cost of \$5 per person. At the 3:00 p.m. break, coffee and soda was provided at a cost of \$3 per person. The continental breakfast and morning break total \$11 per person and \$4 of this amount is not allowed because the \$7 per-person per-break maximum was exceeded. In addition, the continental breakfast does not comply with the requirements for being a breakfast because attendees were not in **travel status**.

Note: The \$5 and \$3 cost for the mid-morning and mid-afternoon break would be allowable.

4. An agency holds a training meeting approved by the deputy secretary where they make a guarantee with the vendor that they will have 100 attendees to which break items would be provided. The cost is to be \$47 per person per break. Only 75 people attend the meeting. The vendor bills the agency \$700. Since only 75 people attended, the actual cost per person per break for those that attended is \$9.33. This is inappropriate because the cost per break exceeds \$7 per person per break. Only \$7 per person per break could be paid in this situation. Organizations should not make guarantees to vendors, which may result in a per-person cost in excess of \$7, if the planned attendance level is not achieved.