

## FINANCIAL MANAGEMENT

### Food and Beverage Consumption

Ceremonies, Dedications and Open Houses. Reasonable expenses associated with ceremonies and/or dedications are permitted provided that the events have been authorized by the board and serve a public purpose.

Meetings, Study Sessions, Training Sessions. Food and non-alcoholic beverages may be served at district expense when a meeting, study session, training session or hearing continues through normal mealtime hours and will facilitate the continuance of the session with minimum disruption. Expenses for food and beverage must be reasonable and serve a public purpose. Participants shall be restricted to officers, staff members, volunteers or "quasi-employees,"-- non-compensated volunteers, or advisory committee members who might otherwise be entitled to actual monetary payment. Snacks and non-alcoholic beverages of a nominal nature may be provided at meetings, study or training sessions when such occur during non-mealtime hours. Such events must be approved by the superintendent. All expenditures must be properly documented consistent with board policy.

Individual Conferences. Reasonable expenses for food and non-alcoholic beverages are permitted when staff members are engaged in conferences or meetings with individuals or small groups who have an interest in the operation of the district.

Food and Beverage Consumption

The Attorney General, through memorandum dated 5/14/87, advises that one who is auditing a particular expenditure ask the following questions:

- A. What documentation is there for this expenditure? Is the documentation sufficient to note who consumed the food and beverages, what type of food and beverages were consumed, how they were purchased and from whom, and for what purpose?
- B. Is the expenditure authorized by a local policy, contract, or ordinance?
- C. Is the expenditure rationally related to some public purpose and is it reasonable in its amount and in its nature?
- D. Is the local ordinance or policy consistent with state law? Are there any state constitutional, statutory or public policy provisions which (despite the existence of some local policy) would preclude the expenditure in question?

Article 8, Section 5 of the Constitution of the State of Washington, in part states that "the credit of the State shall not, in any manner, be given, loaned to, or in aid of, any individual." While the private sector has no such constraints, public agencies, unless by company policy (exception--port districts) cannot give public money away.

What constitutes a "gift of public funds"? No hard and fast rule is available. Any benefits to the individual "must be reasonable and immaterial". The rule of thumb to use is "does the district derive value from the type of session where such refreshments and/or meals are being provided?" For example, the vocational director may meet with the advisory committee (composed of representative employers and employees) during the lunch hour to discuss the vocational plan. The payment of the lunch for the committee members as well as the vocational director would be a legitimate expenditure since (1) the district is deriving value, and (2) the meeting is being conducted at the only time available for committee members.

Other examples are:

- A. The elementary school principal invites 50 parents to come to engage in a goal-setting session. School provides "coffee and cookies"--"OK" as a district expenditure, under the criteria of benefit to the district and "reasonable" as to cost. Dinner is provided for these same 50 participants--"NO"--"probably not reasonable".
- B. The textbook committee meets after school hours. District provides "coffee and cookies" to staff and visitors. "OK."

C. A curriculum committee meets throughout the school day. The district provides sandwiches and coffee so that the group is able to continue work without "losing time" during the lunch hour. "OK."

In these instances, the district is deriving direct benefit from the funds expended. However, when the district "clerk of the works" has lunch with the school district architect, the district employee should not "pick up the tab" because the architect is expected to provide the services as part of the contract with the district and the district would not be receiving any additional benefit.

While there are no absolutes, the above scenarios will enable you to establish your own guidelines. Under no conditions is "hosting" permitted. Payment for a lunch is permissible only when it is for the purpose of conducting business that directly benefits the district. The board, through policy, should clearly establish when "job related" expenses are reimbursable.