



Domestic Travel & Travel Expense Reimbursement Policy

Office of Finance and Administration

APPROVED Version 1.1

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I. GENERAL OVERVIEW

- The policy and procedures are expected to meet internal control and audit objectives as well as the requirements of the tax authorities. This policy has been written to promote good business practices throughout the University. As such, it is extremely important to have a thorough knowledge of the University's policy.
- Travel and the incursion of out-of-pocket expenses may be necessary to accomplish activities associated with the normal conduct of the University's business. Business expenses include those that are directly paid (e.g., purchasing card) as well as expenses reimbursed to individuals who incur them on behalf of the University.
- The University pays for business and travel expenses incurred in connection with University business that are appropriately documented and are in accordance with IRS accountable plan rules. In instances where expenses do not satisfy the requirements of the IRS accountable plan rules, the individual may, among other things, be taxed on those expenses.
- The primary emphasis of this Policy is on business and travel expense reimbursements because those expense reimbursements are the focus of IRS accountable plan rules. Business and travel expenses (including amounts allowable as per diems) that are reimbursed following IRS accountable plan rules are not subject to income or employment taxes.
- In general, the following are the IRS requirements for tax-free reimbursements of expenses under an appropriate accountable plan:
 - 1) There must be a business connection for the expense and the expense must be reasonable and necessary.
 - 2) There must be sufficient substantiation of the expense.
 - 3) All excess reimbursements must be repaid within 30 days of the transaction date.
- Unauthorized expenses will be considered personal expenses and will not be reimbursable. Employees whose personal expenses were paid for on the University-issued purchasing card will be held liable to the University and must repay the University within 30 days of the transaction date.
- The University relies on its employees to adhere to the guidelines of this Policy. The University reserves the privilege of monitoring and reviewing compliance with this Policy, and of altering the Policy per new University requirements or modifications to IRS regulations.
- This Policy does not reflect International Travel or Athletic Department Travel; these are separate Policies.

II. EMPLOYEE RESPONSIBILITIES

- Read and have a good understanding of the information in this Policy. Cases of significant abuse can result in disciplinary action, including employee termination.
- Interpretations to this policy and questions regarding business expenses should be directed to the supervisor or department manager.
- Obtain all necessary pre-approvals and provide proper documentation to support each expense.
- Exercise good judgment with respect to expenditures and use the most economical means of obtaining transportation, lodging, and meals.

- Spend the University’s money as carefully and judiciously as you would your own.
- Claim reimbursement for business expenditures only. If a business trip includes both business and personal expenditures, only the business-related expenditures will be reimbursed.
- Report all expenses promptly and accurately, with the required documentation describing the business purpose.
- Return any unused funds from travel advances within 30 days of the transaction date.

III. ORGANIZATIONAL RESPONSIBILITIES

The primary responsibility for compliance with this Policy rests with the individuals requesting reimbursement or incurring the business expense and the department supervisors who are authorizing and approving these business and travel expenses.

The responsibilities are defined as follows:

- A. **Individual requesting reimbursement or incurring the business expense** – The individual requesting reimbursement or incurring the business expense may delegate responsibility for preparation of the expense report (either the [Travel Requisition and Expense Reimbursement Voucher](#) or the VISA cardholder statement) but, in doing so, the individual retains accountability. Individuals requesting reimbursement or incurring the business expense are responsible for ensuring the following:
 - The expense has a valid business purpose;
 - Proper business justification and supporting documentation (e.g., receipts) have been obtained and/or provided to the expense report preparer;
 - Proper approval for upgrades and exceptions has been obtained and/or has been provided to the expense report preparer;
 - A valid G/L account number has been provided to allocate the expenses;
 - To the best of the individual’s knowledge, the expense is in compliance with this Policy.
- B. **Expense report preparer** – This individual is responsible for preparing the expense report and, by submitting it, is confirming the following:
 - Proper business justification and supporting documentation (e.g., receipts) have been received from the individual requesting reimbursement or incurring the business expense;
 - Mileage and per diem calculations are accurate;
 - Proper approval for upgrades and exceptions has been obtained and submitted by the individual requesting reimbursement or incurring the business expense;
 - The expenses have been properly allocated to the correct G/L account numbers.
- C. **Expense approver** – This individual is responsible for approving the expense report and, by approving it, is verifying the following:
 - The expense has a valid business purpose;
 - There is proper supporting documentation (e.g., receipts) for the business expense;
 - Mileage and per diem calculations are accurate;
 - Proper pre-approval was obtained for upgrades and exceptions;
 - The expenses have been properly allocated to the correct G/L account numbers;
 - To the best of the approver’s knowledge, the expense complies with this Policy.

- **No individual is authorized to approve his or her own, a peer's or a supervisor's business or travel expenses. The individual must have authorized signing limits/access to the departments where expense transactions will be charged.**

Permitted exceptions to this Policy may only be granted if approved by the President, the Provost, the Department Dean, or a Vice-President, in conjunction with the Chief Financial Officer (CFO). These exceptions should be documented and submitted where appropriate.

IV. UNIVERSITY TRAVEL AGENT

NDNU does not have a selected travel agent.

V. INTERNET

Booking travel via the internet is generally acceptable, however, the lowest reasonable fare should be selected and restrictions should be carefully considered to avoid unwarranted costs when travel plans must be changed.

VI. TRAVEL AUTHORIZATION

All travel expenses anticipated to exceed \$500 per trip (inclusive of airfare) must be pre-approved on a trip by trip basis by the Budget Manager whose budget is impacted by the expense. (See Pre-Approved Form in Appendix D) A Budget Manager's travel must be pre-approved by their immediate supervisor.

For enrollment and recruitment activities, these should be approved by the Vice President of Enrollment.

Personal travel (vacations, holidays, extended weekends, etc.) combined with business travel is permitted. Personal travel in conjunction with business travel requires the prior approval of the employee's supervisor. Any costs (extra hotel nights or increased rates, airfare changes, extended car rental charges, etc.) associated with personal travel are not reimbursable. Information must be provided in the expense report detailing the expense differential, if any, associated with the personal portion of the travel. Expenses incurred, such as a Saturday night stay, that reduce the total travel costs are reimbursable. Documentation supporting the overall cost savings must be submitted with the expense report.

VII. AIR TRANSPORTATION

- A. All reservations must be economy class (domestic and international).
- B. Extenuating circumstances, such as specific health reasons, that require an employee to select preferred seating (business or first class) requires pre-approval from the Vice President or Dean, with prior notification to the President or the CFO.
- C. All reservations should be made as far in advance as possible to take advantage of discounted advance purchase rates.
- D. The lowest logical fare must be selected.
- E. Direct flights are acceptable. However, when savings of \$350 or more will be realized by booking a flight with one connection and a 90 minutes or less layover, that flight should be taken.

- F. Travelers may personally retain frequent flyer plan rewards or other bonuses that may accrue from business travel. However, in no case may the traveler choose a reservation at a higher cost in order to accumulate additional plan rewards. The University will not purchase frequent flyer miles from travelers or reimburse them for tickets purchased with frequent flyer miles. Any membership fees to join frequent flyer clubs are considered personal expenses and will not be reimbursed by the University.
- G. A full range of airlines should be considered.
- H. Preference for a particular airline will be taken into consideration, but lowest logical cost airfare for the desired destination within a two-hour time window should be accepted.
- I. Alternate local airports should be strongly considered if it results in \$250 or more in cost savings.
- J. Costs of ground transportation and parking can be considered when determining lowest logical fare.
- K. If staying a Saturday night provides an overall cost savings, then NDNU will reimburse for the hotel room, rental car and reasonable meals, provided that the total cost still provides an overall cost savings to NDNU. Documentation supporting the overall cost savings must be submitted with the expense report.

VIII. GROUND TRANSPORTATION

- A. Rental cars should be utilized only when the nature of the trip or location of customer, appointment, meeting or conference is such that use of shuttle service, public transportation or taxi is impractical or more expensive.
- B. Mid-sized rental cars or smaller should be booked. Rental of larger vehicles are only allowed when transporting 4 or more passengers.
- C. When renting vehicles in the U.S., its territories or possessions for business use, rental car insurance (Liability and Physical Damage Waiver) should be *declined* as our NDNU insurance policy and the NDNU credit card agreement provide such coverage.
- D. Re-fill tank prior to returning rental cars. Do not pre-pay gas refueling charges at time of rental.

IX. BUSINESS USE OF PERSONAL VEHICLE

- A. Mileage will be reimbursed at the current [IRS rate](#). The mileage allowance covers all auto costs (fuel, repairs and insurance).
- B. A copy of the calculated mileage using an online map service such as MapQuest, Yahoo Maps or Google Maps must be submitted with the mileage reimbursement request as substantiation of the mileage.
- C. Employees *must not* use the University issued purchasing card for the purchase of gas for the business use of a personal vehicle since the cost of gas is included in the mileage reimbursement rate.
- D. Employees who use their vehicles for business use must maintain minimum bodily injury and property damage insurance protection, as required by state law.
- E. An accident that involves a personal vehicle used for business use should be reported to the Vice President or Dean and the CFO, by the next business day.

X. LODGING

- A. A reasonable room rate should be selected.

- B. Hotel room rates greater than \$250/night must be pre-approved by the Budget Manager whose budget is impacted by the expense.
- C. Reasonable laundry and dry cleaning costs during extended trips (more than 4 consecutive days) are reimbursable.
- D. Hotel reservations that will not be used must be cancelled by the time stated on the itinerary to avoid any penalties except in extenuating circumstances.
- E. Reasonable hotel internet access fees are reimbursable.
- F. In-room movies and mini-bar expenses are not reimbursable.

XI. OTHER TRAVEL EXPENSES

- A. **Transportation to/from Airport:** Employees may use personal cars for travel to and from the airport. The University will reimburse the employee for such mileage at the current mileage reimbursement rate. Employees should use an airport shuttle service to and from the airport when the cost of the service is less than the mileage reimbursement rate plus the cost of parking.
- B. **Parking and Tolls:** The University will reimburse the cost of parking and tolls. The University will reimburse the employee for on-site long-term parking costs at the airport. For travel in excess of 3 days, employees will be reimbursed at the off-site, long-term parking lot rate.
- C. **Taxi and Other Local Transportation:** Cab fare to/from places of business, hotels, airports, and railroad stations in connection with a business activity is reimbursable. Cab fare is authorized only when alternate, less expensive services (hotel vans, shuttles, etc.) are not available. Employees are encouraged to use public transportation whenever feasible.
- D. **Baggage Fees:** The University will reimburse for airline checked baggage fees when a carry-on will not work for the length or purpose of the trip. Excess baggage expenses are reimbursable in any of the following circumstances:
 - Traveler is transporting University materials;
 - Traveler is on an extended period of travel;
 - Budget Manager has approved of the charge.
- E. **Telephone Expenses:** The following should be considered when making phone calls while on out-of-town travel:
 - Avoid using hotel room phones for long distance calls (incurs premium costs).
 - Cellular phones and calling cards should be used instead of hotel phones when practical.
 - Personal phone calls should be limited unless there are unusual circumstances, which should be detailed on the expense report.
 - High cost telephones on airlines should not be used unless there are unusual circumstances, which must be detailed on the expense report.
- F. **Hotel Business Centers:** Reasonable expenses related to the use of hotel business centers to check your NDNU e-mail, print out documents and airline boarding passes, send faxes, etc., are reimbursable.

XII. MEALS AND ENTERTAINMENT

- A. **General**

Depending on the particular circumstances under which the expenses are incurred, expenses for meals and entertainment will be either:

- Business expenses
- Entertainment expenses (see **Business Entertainment**) incurred in the course of conducting business
- Personal expenses

Federal regulations require that these expenses be treated appropriately.

B. Travelers' Meals

The University will reimburse travelers for the cost of their own meals incurred during the time they are away from home (as distinguished from business entertainment expenses or local business meals covered in the following sections).

Dollar limits per meal, per person (inclusive of beverages, tax & tip) are:

- Breakfast - \$25.00
- Lunch - \$30.00
- Dinner - \$50.00
- Alcoholic beverages are not allowed and, under no condition, are reimbursable.
- Tips should not exceed the standard rate of 15% of the total meal cost.
- Pre-approval is required from the appropriate Budget Manager if these limits will be exceeded.
- If these limits are exceeded due to NDNU-provided meals for guests or clients, full documentation of the guest and purpose is required (see below).

As a general rule, travelers are expected to incur no additional cost for meals which are provided as part of a fee for attendance at conferences, workshops, hotel cost, etc., or which are provided by an airline while en route to their destination. When meals are provided in this way, the daily meal per diem must be reduced accordingly. If there is a business justification provided regarding dietary restrictions, the traveler may be reimbursed for the meal.

The traveler is responsible for notifying the expense report preparer regarding meals that were included as part of the conference registration fee, hotel cost, etc.

Travelers sometimes pay for meals for others for University business reasons. These business expenses must include the name(s) of the meal attendees, the attendees' organization(s) and the attendees' title(s), as well as the business purpose of the meal. If the attendees are not University employees, their affiliation with the University should be provided. For meals with six or more individuals including the traveler, the traveler need only identify the number of other people at the meal.

C. Business Meals and Meetings When Not Traveling

1. Employee Only Business Meals

In cases where University employees meet over a meal when they are not traveling, the cost of the meal is considered a personal expense unless the primary purpose of the meeting is to conduct University business and there is a need to meet over the meal. Generally, these requirements are met when it is not possible for one or more employees to meet during working hours (e.g., when travel plans conflict with other meeting times), and the purpose of the meeting is to conduct

University business in accordance with a formal agenda. IRS regulations do not allow for payment of meal expenses incurred by employees who are not traveling away from home (e.g., their travel does not require an overnight stay) unless the above criteria are met. These business expenses are permissible when the name(s) of the meal attendees (all names are required for those meals with five or fewer individuals) have been documented and the business purpose of the meal is justified.

It is permissible to incur expenses for meals provided as part of a local conference, seminar, workshop, presentation or other similar group meeting involving employees when it extends through the usual mealtime(s). Such meals must be reasonable in nature and the purpose of the meeting must be documented accordingly to ensure that it is an appropriate business expense.

Like all business and travel expenses, all business meals are subject to budget availability.

2. Recruiting and Other Business Meals

Expenses for dining involving non-University personnel are considered business expenses when the purpose of the meeting is to conduct University business and when it is necessary or appropriate to have the meeting in conjunction with, or during, a meal. Expenses for such meals should be kept to a reasonable level. The typical business meal might involve interviews of prospective employees, discussions with trustees, vendors, consultants, or other individuals with whom the University does business, or meetings of organizations and groups at which agenda items pertinent to University business are covered.

Alcoholic beverage costs will not be reimbursed unless included as a reasonable expense as part of a business meal with clients, prospects or associates in a restaurant environment.

Recruiting expenses are further subject to departmental specific policies and procedures.

3. Occasional Employee Banquets and Functions

Occasional – generally, annual or semi-annual – functions for employees are considered business expenses when the function is intended to serve as a token of appreciation that primarily promotes employee relations/morale, or that recognizes individual or group achievements, such as holiday parties, employee banquets, retirement parties, etc.

Occasions that are personal in nature such as parties to celebrate births, marriages, etc., or small in-office functions with purchased food or beverages are ordinarily paid for by the employees involved and are not considered business expenses.

4. Alcohol in Conjunction with Business Meals

While not encouraged, alcohol may be considered a business expense (as distinguished from an entertainment expense) when served at University functions primarily intended to promote employee relations, such as faculty receptions, holiday parties, and the like.

Individual employee alcohol consumption, the buying of “rounds” of alcoholic beverages for clients, prospects, associates, or peers, or the entertaining of such at bars or clubs is expressly not reimbursable.

D. Entertainment

1. **Business Entertainment:** Meals and functions intended to provide hospitality to non-University individuals which, although partially social in nature, are necessary and customary in furthering the University's business are allowable expenses.

Examples of business entertainment include:

- receptions for University guests and visitors
- alumni reunions or similar alumni functions
- entertaining donors or prospective donors
- welcoming receptions for parents and students

Entertainment expenses should be reasonable in relation to the nature of the meal or function and the resulting business benefit expected to be derived from the expenses. A description (either a list of names or identification of the hosted group) and the total number in attendance at an entertainment meal or function must be documented along with the business purpose of the entertainment.

2. **Personal Entertainment:** Personal recreation or entertainment is not reimbursable. (see **Non-Reimbursable Expenses**).

XIII. OTHER BUSINESS AND TRAVEL EXPENSES

A. Visitors, Recruits, Independent Contractors, Consultants, Students, Courtesy Appointments and Other Non-Employees

When the University has agreed to cover the cost of travel, room and/or board, and other expenses of visitors, recruits, independent contractors, consultants, students, courtesy appointments, and/or other non-employees (hereinafter referred to as non-employees), unless the relevant contract with the non-employee requires otherwise, this Policy applies to their expenses as well. Non-employees must adhere to the same reasonableness standards and submit required receipts or other documentation supporting expenses. It is the responsibility of the department to make non-employees aware of this Policy.

Payment of non-employee's expenses will be made once the following have occurred:

- A non-employee expense report has been submitted that documents the relationship of the individual, clearly describes the business purpose of the expenses, includes proper supporting documentation, and is approved by the applicable department.
- The Finance & Accounting Department has audited the expense report for valid business purpose, accuracy and proper supporting documentation. (Note that as a result of the audit, additional information may be requested.)

To the extent non-employee expenses are in violation of the requirements of this Policy (the “excess charges”), then the excess charges will be netted against the sponsoring department’s budget.

B. Professional Development

Reasonable expenses incurred in attending professional development programs are considered business expenses. Department supervisors determine who may attend such programs at University expense, subject to budget availability. Supervisors should ensure that the content of the program is of a substantive nature that directly relates to the employee’s job responsibilities at the University.

Professional organizations can often provide expertise and training that is not available on campus. Program content should be carefully considered in weighing the cost of travel as compared to the benefit to the University.

Travel expenses and fees associated with continuing education credits required to maintain a professional certification that is not directly related to the employee's job responsibilities at the University are not reimbursable business expenses.

C. Memberships, Dues, and Subscriptions

The University's affiliation with an organization or group is based upon the business benefit to be derived by the University from such affiliation. In the case of certain civic, community, and educational organizations that serve a broader purpose and constituency, the University typically joins as an institutional member and, as such, designates employee representatives. Institutional memberships often provide certain benefits (such as reports, studies, etc.) to the University at large and may also provide news updates and magazines that are routinely sent to a specified number of individual employees on the membership mailing list. Employees who attend meetings or functions as representatives of the University are eligible for reimbursement of travel expenses if approved by their respective departments.

Fees for individual memberships in business associations as well as fees for magazine, newspaper, or newsletter subscriptions are generally not reimbursable, unless appropriate and approved by the Departmental Vice President or Dean. Departmental supervisors establish whether these costs will be covered by the University. Individual membership in professional associations or other costs incurred to maintain professional certifications or licenses that are directly related to the employee's job responsibilities at the University and have a clear business benefit to the University may be considered appropriate business expenses.

The cost of memberships in athletic clubs, faculty clubs, social clubs, shopping clubs, business membership, fraternal orders, or other similar organizations generally do not qualify as business expenses. Employees must pay for these memberships personally, unless there is a clear business benefit to the University and the primary purpose of the membership is to benefit the University. In these instances, the cost must be approved by the president, the provost, the department’s dean, or a vice-president.

D. Miscellaneous Business Expenses

Other expenses including but not limited to postage, supplies, photocopying charges, etc. purchased for business use are considered business expenses. The payment for these types of miscellaneous business expenses must also include proper documentation and business justification.

E. Personal And Companion/Spousal Business And Travel Expenses

The University will not directly pay or reimburse travelers for expenses that are inherently personal in nature.

1. Personal Business Conducted During Period of Travel

Personal expenses, as well as any incremental travel costs incurred for personal business during the course of a University business trip, are the responsibility of the traveler. Incremental travel costs include expenses that would not have been incurred on the business portion of the trip, except for the fact that the traveler conducted personal business at some point during the trip.

For example, gas and mileage charges for out-of-the-way travel to visit friends or relatives are personal expenses. Such expenses must be identified and deducted from the expenses reported on the expense report. Expenses for personal gain (e.g., personal consulting) cannot be reimbursed.

Personal expenses may not be charged to University accounts (even if the intention of the traveler or a third party is to later reimburse the University for these expenses). Using the University as a conduit for personal expenses may result in disciplinary action.

2. Companion/Spousal Business and Travel Expenses

Expenses incurred for accompanying companions/spouses are considered personal in nature except on occasions when attendance of a companion/spouse at an event serves a bona fide business purpose for the University and the presence of the companion/spouse is essential (not just beneficial) to the employee being able to carry out the business purpose for the University.

In these cases, the business and/or travel expense should be authorized in writing by the president, the provost, the department dean, a vice-president, or CFO. The written approval must be submitted with the expense report and must detail the business purpose served by the companion/spouse's attendance at the event and how the companion/spouse's presence was essential in carrying out that business purpose.

Amounts paid by the University for companion/spousal travel and/or personal expenses will be included in the employee's W-2 as taxable wages unless the companion/spouse's attendance at the event meets the above requirements.

XIV. CONTRIBUTIONS AND GIFTS

All contributions and gifts require pre-approval from the CFO and Vice President of Advancement, and most comply with the University Policies, as appropriate.

XV. NON-REIMBURSABLE EXPENSES

- A. Personal recreation or entertainment (e.g. books/magazines/newspapers, theater tickets, in-room movies, snacks/drinks from the in-room bar, sightseeing fares, green fees, lift tickets, spa treatments, hotel health club fees, etc.).
- B. Any personal clothing and accessories.
- C. Personal care items and expenses (e.g. toiletries, manicure/pedicure, barber/hairstylist, shoe-shine, etc.).
- D. Prescriptions, over-the-counter medication, and other medical expenses.
- E. Alcohol consumption by an individual employee, the buying of rounds of alcoholic beverages for clients, prospects, associates, or peers, or the entertaining of such at bars or clubs.
- F. Travel, meals or entertainment by spouse, friend or family member.
- G. Childcare, babysitting and house-sitting costs unless there are extenuating circumstances.
- H. Pet care, including fees for boarding pets and other animal care.
- I. Extravagant costs (e.g. very expensive restaurants or exclusive hotels) or costs not contemplated herein unless extenuating circumstances exist (e.g. Natural Disaster, etc.)
- J. Airline club memberships.
- K. Annual fees, delinquency fees and finance charges on personal credit cards.
- L. Personal insurance costs such as life, business travel accident, personal automobile, and baggage insurance.
- M. Lost baggage.
- N. Loss or theft of travel advance money, airline tickets, personal funds and other personal property.
- O. Traffic/Parking violations and citations and automobile towing/impoundment charges.
- P. "No show" charges, unless there are extenuating circumstances.
- Q. Unauthorized donations/contributions.

XVI. TRAVEL ADVANCES

A. General

The University will provide travel advances in appropriate amounts for employees traveling on authorized University business to cover reasonable miscellaneous costs, such as taxi fares, tips, and other business expenses. Travel advances must not be used to cover personal expenses. The size of the advance must be a reasonable estimate of the amount of cash necessary to conduct University business.

Each travel advance is the personal obligation of the traveler. Thus, the traveler is responsible for any lost or stolen travel advances (whenever possible, travelers should use hotel vaults to safe-keep cash or other valuables). Employees are responsible for submitting an expense report with required receipts to account for the travel advance and for returning the unused balance of the travel advance.

B. Procedures For Obtaining Travel Advances

Travel advances are not a benefit. Rather, they are a mechanism to support the business needs of University employees when traveling. Requests for travel advances are submitted on the [Check Request](#) form.

Advances will not be granted to employees who have an un-cleared prior travel advance unless the president, the provost, the department dean, a vice-president, or CFO certifies that extenuating circumstances warrant the second advance.

The Finance and Accounting Office may revoke the right to obtain travel advances when necessary to avoid perceived abuse.

1. Availability Of Travel Advances

Travel advances will generally not be provided earlier than three working days before the planned departure date of the trip unless there are extenuating circumstances or an approved exception.

Employees must immediately return any travel advance to Accounts Payable when a trip has been canceled or has been postponed for more than five working days.

If travel advances are greater than the expenses incurred, the traveler must return the remaining balance (by personal check) to Accounts Payable at the same time the expense report is submitted.

2. Un-cleared Travel Advances (Including Payroll Reporting)

The Finance and Accounting Office monitors un-cleared travel advances and sends email notifications to travelers if the advance is not cleared within 30 days of travel completion. If an individual fails to substantiate the business expenses covered by the travel advance within 90 days after completing the travel (e.g., clearing the advance), the University is required by the IRS to report these payments as taxable income to the employee.

An employee may not obtain additional travel advances if the employee has un-cleared outstanding travel advances except in the case of extenuating circumstances as described above.

XVII. EXPENSE REPORT DOCUMENTATION

A. Original Receipts

Original receipts and proof of payment are required. Original receipts are those receipts provided by the vendor. Photocopies or facsimiles will not be accepted as substitutes. Photocopies or facsimiles of receipts generally are not acceptable evidence for payment reimbursement on the general theory that the originals could be re-presented for an additional payment at some time in the future or that photocopies may be altered.

B. Exceptions

Receipts are not required for the following:

- Tolls, parking and gratuities under \$25 do not require a receipt if a receipt for such expenses cannot be obtained.
- Phone bills, where only a portion of the invoice is business related and reimbursable, can be submitted as a photocopy. However, the entire phone bill with the business-related charges highlighted and the calculation of the reimbursable amount must be included.

C. Examples of Required Documentation:

- **Business Trips:** Indicate name of city and state visited and business purpose.
- **Air Travel:** E-ticket receipts or passenger receipts (generally the last page in the flight coupon book) which includes class of travel, price, destination, times and dates must be accompanied by a copy of the boarding pass.
- **Lodging:** Detail hotel bill showing itemized costs.
- **Car Rental:** The original car rental contract or receipt.
- **Restaurant Meals:** The receipt should have the name and address/location of the restaurant, the date and the amount. Write the name of each person entertained, their University/business name and the business purpose on the receipt or the Travel Requisition and Expense Voucher form (e.g. David Jones and Mary Smith of Big Donor, development call).
- **Catering:** Invoice from the vendor that includes name, address and phone number, method of payment and is marked "PAID". The purpose of the event and number of participants should be notated on the invoice.
- **Miscellaneous Purchases:** Cash register receipt showing details of what was bought, the amount, the name of the store and the date. The purpose should be notated on the receipt.
- **Telephone and Pager Bills:** The phone bill in its entirety should be submitted. Indicate personal amount to be deducted, if appropriate.
- **Mileage, tolls, meters and parking:** Receipts are required for tolls and parking (except for metered parking where receipts are not provided). Details of date(s) of travel, purpose, origin and destination, distance, and purpose should be entered on the Travel Requisition and Expense Voucher form with the receipts taped onto a separate sheet of letter-size (8½" x 11") paper attached to the voucher.

D. Lost Receipts

- It is the employee's responsibility to obtain and account for all receipts for expenses incurred.
- In the rare instance when an original receipt is lost, and all reasonable efforts to obtain another receipt from the vendor are in vain, the individual may sign a [Lost/Missing Receipt](#) Form detailing the expenses incurred, and have it approved by his/her approving authority as a substitute for the original receipt.
- The "Lost Receipt" form for amounts over \$100.00 must also be signed by the Vice President or Dean.

E. Procedures for Submitting Business/Travel Expenses and Requesting Payment

1. **Purchasing Card Reporting:** Within 5 working days of receipt of e-mail notice from VISA of the availability of the cardholder statement, an employee should:
 - a. Go online to [Access Online](#), review the charges on the card and follow the established procedures for allocating charges. The employee should ensure that the G/L account for the allocation of the charge is correct and that a detailed description of the purchased item, including the purpose is included.
 - b. All receipts supporting the charges on the VISA check card should be attached to the cardholder statement. Organize receipts by stapling or taping to a sheet of letter-size paper (8½" x 11") and place in order by transaction listed on the cardholder statement. *Reviewing and approving is*

- much more efficient (and thus saves the University time and money), if the receipts are easy to locate.*
- c. Carefully review the statement before signing and dating it.
 - d. Submit the cardholder statement and attached receipts to authorized approver for review and approval.
 - e. Cardholder statements that have been approved by the employee's authorized approver will be forwarded by the approver to Accounts Payable.
 - f. Cardholder statements that have not been approved will be returned to the employee with an explanation of why the statement was not approved.
2. **Reimbursement for Expenses Incurred:** Within 30 days of completing the travel or incurring the expense, an employee should:
- a. Complete the [Travel Requisition and Expense Reimbursement Voucher](#) form and attach the appropriate support material. *In order to avoid having the reimbursement be taxable to the individual, expenses must have proper substantiation.*
 - b. Organize receipts by stapling or taping to a sheet of letter-size paper (8½" x 11") and place in order by day with daily totals matching the expense report. *Reviewing and approving is much more efficient (and thus saves the University time and money), if the receipts are easy to locate.*
 - c. Carefully review and recalculate the expense report before submitting to an authorized approver for review and approval. *Spending an extra 3-5 minutes to ensure the expense report is complete and accurate substantially increases the probability of a rapid reimbursement.*
 - d. Submit the expense report to the authorized approver for review and approval.
 - e. Expense reports that have been approved by the employee's authorized approver will be forwarded to Accounts Payable.
 - f. Expense reports that have not been approved will be returned to the employee with an explanation of why the expense report was not approved.

XVIII. APPENDICES

APPENDIX A: Business Expense Reimbursement - [IRS Publication 463](#)

Travel, Entertainment, Gift & Car Expenses (For Additional Informational Purposes Only)

I. **Accountable Plan**

An accountable plan is any reimbursement or other expense allowance arrangement that meets all of the following requirements:

A. **Business connection**

The arrangement provides advances, allowances or reimbursements of an employee's business expenses paid or incurred in the performance of services as an employee.

B. **Substantiation**

The employee must submit information to the payer sufficient to satisfy the "adequate accounting rules" with respect to travel, entertainment, business gifts, or use of listed property. For other reimbursed expenses, information must be submitted that is sufficient to enable the payer to identify the specific nature of each expense and to conclude that the expense is an employee business expense. Each of the elements of an expenditure or use must be substantiated.

C. **Return of excess amounts**

The arrangement must require that an employee return to the payer within a reasonable time the amount of the reimbursement or allowance that exceeds the substantiated expenses. A reasonable period of time is defined under a safe harbor as an expense or advance substantiated within 60 days and any excess advance returned within 120 days of when the expense is paid or incurred. If an employee fails to return amounts in excess of the substantiated amounts within a reasonable time, only the amounts not in excess of the substantiated amounts are excludable from gross income. The unsubstantiated amounts are considered gross income subject to withholding and must be reported on Form W-2.

II. **Substantiation Rules**

Generally, a taxpayer must be able to substantiate claimed expenses by adequate records or sufficient evidence corroborating the taxpayer's own written or oral statements as to:

1. Amount;
2. Time and place;
3. Business purpose; and
4. Business relationship of the entertained person(s).

A. **Adequate Records and Sufficient Evidence**

To prove expenses for entertainment, travel, gifts, and listed property by "adequate record", a detailed record must be kept, such as a diary, an account book or some other statement of expense.

A taxpayer, however, does not have to record information in an account book, etc. that duplicates information reflected on a receipt so long as the two forms of evidence complement each other. In addition to the diary or account book, the taxpayer must have documentary evidence (a receipt) for any lodging while traveling away from home and for any other expenditure over \$75 or more.

B. Time of recording

Expenses should be recorded at or near the time when paid, when the taxpayer has full and present knowledge of each element of the expenditure.

C. Substantiation of business purpose

A written statement of business purpose should be included in the diary or expense account record. But, when the business purpose is obvious from the surrounding facts and circumstances, such as sales representative's calling on customers on an established sales route, a written statement is not necessary.

III. Proof of Entertainment and Meal Expenses

Generally, in order to deduct an entertainment or meal expense, a taxpayer must substantiate by adequate records or sufficient evidence corroborating the taxpayer's own statement the following elements:

1. Amount;
2. Date;
3. Place (name and address or location) and type of entertainment or meal.
4. Reason for entertainment or the business purpose and the nature of the business benefit expected to be gained;
5. Business relationship to the taxpayer of the persons at the entertainment or meal (name, occupation, title); and
6. Presence of the taxpayer or an employee at the business meal.

IV. Proof of Travel Away from Home Expenses

Generally, in order to deduct away-from-home travel expenses, the taxpayer must substantiate, by adequate records or sufficient evidence corroborating the taxpayer's own statement, the following elements:

1. Amount of each separate expenditure for travel away from home, such as the cost of transportation or lodging;
2. Dates of departure and return for each trip away from home, and the number of days away from home spent on business;
3. Destination or locality of travel, described by the name of the city or town or other similar designation; and
4. Business purpose for the travel or nature of the business benefit derived or expected to be derived as a result of the travel.

V. Local Travel

Local travel expenses include ordinary and necessary expenses of getting from one workplace to another in the course of business when the taxpayer is not traveling away from home. The substantiation rules apply to these expenses and the taxpayer must prove the following elements:

1. Cost of transportation;
2. Date of the transportation;
3. Business destination;
4. Reason for the expense.

VI. Standard Mileage Allowance

By using the standard mileage allowance, taxpayers have the advantage of bypassing some of the record keeping requirements that are normally associated with the substantiation of car expenses. Generally, when an employer provides a standard mileage rate to its employees, the amount of expense that is deemed substantiated by the employee is the standard mileage rate multiplied by the number of substantiated business miles. In addition, an employee will be deemed to have satisfied the adequate accounting requirements if the employee substantiates to the employer the elements of time, place (or use), and business purpose of the car expense.

VII. Transportation Costs

An employee may deduct local business transportation expenses except the cost of commuting to and from work. Local transportation includes travel from one job to another, from one customer or client to another customer or client, and from the individual's office or business location in order to perform business tasks, such as delivery and pickup of supplies and inventory.

VIII. Commuting expenses

Commuting expenses between a person's residence and a business location within the area of the person's tax home are not deductible even if work is done during the commute.

IX. Per Diem Method of Substantiating Away from Home Expenses

The ordinary and necessary expense for meals, and or incidental travel expense incurred while traveling away from home will be deemed to be substantiated when an employer provides a per diem allowance under a reimbursement or other expense allowance arrangement to pay for such expenses.

A. Advantages and disadvantages

The advantage in using the per diem method to substantiate expenses is that it helps eliminate much of the record keeping that is usually associated with away-from-home travel expenses. The possible disadvantage of the per diem method is that the allowable deduction computed under this method may be significantly less than the allowable deduction computed under the actual expense method.

B. Per Diem allowance

A per diem allowance is a payment under a reimbursement or other expense allowance that is 1) paid with respect to expenses incurred or which the payer reasonably expects will be incurred by an employee for meal and or incidental expenses for travel away from home in connection with the performance of services as an employee; 2) reasonably calculated not to exceed the amount of the

expense or the anticipated expense; and 3) paid at the applicable federal per diem rate, a flat rate or stated IRS scheduled rate.

- **Per diem substantiation methods**

Under a per diem allowance method, a payer pays a per diem allowance in lieu of reimbursing actual expenses for lodging, meal and incidental expense incurred or to be incurred by an employee for travel away from home. The amount of the expenses that is deemed substantiated for each calendar day is equal to the lesser of the per diem allowance for such day or the amount computed at the federal per diem rate for the locality of travel.

- **Meals only per diem allowance**

A per diem allowance is treated as paid only for meals and incidental expenses if the payer 1) pays the employee for actual expenses for lodging, 2) provides the lodging in kind, 3) pays the actual expenses for lodging directly to the provider of the lodging, or 4) does not have a reasonable belief that lodging expenses were or will be incurred by the employee.

- **Tax treatment of per diem amount received**

The portion of a per diem allowance received from a payer that is less than or equal to the amount computed at the applicable federal rate under any of the substantiation methods is not includable in an employee's income if the elements of time, place, and business purpose are substantiated.

- **Federal per diem rates**

The federal per diem rates are located at <http://www.gsa.gov/portal/category/21287>.

X. **Federal Meals and incidental expense (M&IE) rate**

The range of M&IE rates is designated by regions in the IRS code. The rates can be found at <http://www.gsa.gov/portal/category/21287>

XI. **Entertainment Activities**

Generally, deductions are not allowed for any expense associated with an activity considered to be entertainment, amusement, or recreation, except to the extent that it is established the expense was directly related or associated with the active conduct of a trade or business. A few exceptions of these strict rules exist.

A. **Directly related entertainment**

An expense is considered directly related to the active conduct of a trade or business if all the following requirements are met:

- i. The taxpayer had more than a general expectation of deriving income or some other specific business benefit at some indefinite future time:
 - a. During the period of entertainment, the taxpayer was actively engaged in the conduct of business with the person being entertained;
 - b. The active conduct of business was the principle aspect of the taxpayer's combined business entertainment activity; and
 - c. The expenses were allocable to the taxpayer and the person with whom business was conducted during the entertainment or with whom business would have been conducted had unexpected circumstances not intervened.

- ii. Entertainment expenses will not be considered to be directly related when the entertainment occurs where there is little, if any, possibility for the active conduct of business. This situation generally arises when:
 - a. The taxpayer is not present;
 - b. There are substantial distractions; or
 - c. A group of people is entertained and the group includes persons other than business associates.

B. Associated entertainment

Taxpayers may deduct the cost of meals and entertainment associated with the active conduct of a trade or business and occurring directly before or after a bona fide and substantial business discussion.

C. Spouses

Taxpayers may not deduct the cost of entertaining their spouses, or the spouses of their business associates, unless they can show that there was a clear business purpose rather than a personal or social purpose for paying the expense.

D. Special exceptions

Generally, an entertainment or meal expense is only deductible if it is either “directly related to” or “associated with” the active conduct of a trade or business. However, special exceptions to these general requirements exist. If an expense fits within one of these exceptions it will be deductible if it satisfies the standard “ordinary and necessary” test established for deductible business expenses.

These exceptions apply to expenses for the following items:

- i. Food and beverages for employees furnished on the business premises.
- ii. Recreational, social or similar expenses primarily for employees who are not highly compensated.
- iii. Directly related expenses of employee, shareholder, director, etc., business meetings.
- iv. Expenses directly related and necessary to attendance at a business meeting or convention of any tax-exempt Organization described in Code Sec. 501(c)(6).
- v. Cost of food, services and facilities made available to the general public as a means of advertising or promoting goodwill in the community.

XII. Ordinary and Necessary Expenses

An expense incurred in the operation of a trade or business must be an ordinary and necessary expense of the trade or business to be deductible.

A. Ordinary

The term “ordinary” is a variable affected by time, place and circumstances. In this context, “ordinary” does not mean that the payments must be habitual or normal in the sense that the same taxpayer will make them often. An expense that is incurred only once by a taxpayer can be “ordinary” if it is considered normal for a taxpayer in a similar trade or business to incur such an expense.

B. Necessary expenses

“Necessary” distinguishes a business expense from a personal expense incurred by a taxpayer. In order to qualify as a “necessary expense”, the expense need not be vital to the business’s continuation and need only be appropriate or helpful to the business.

APPENDIX B: Travel Requisition and Expense Voucher



Print Form

TRAVEL REQUISITION AND EXPENSE VOUCHER

Date 2012-12-05 15:37:59

Employee #		Employee Name	
Destination			
Depart Date		Return Date	
Purpose of Trip			

1 Advance	
2 Mileage (Total miles from detail) @ \$0.555 per mile — Need to provide detail below	\$0.00
3 Bridge Tolls, Parking (List)	
4 Rail, Air, Bus, etc. Tickets	
5 Hotel, Motel, etc.	
6 Meals (Including Tips)	
7 Convention Fees, etc.	
8 Other (not include tips, refreshments, etc.	
TOTAL EXPENSED BY TRAVELER	
LESS: Advance	\$0.00
Refund Due to NDNU	\$0.00
Refund Due to Employee	\$0.00

Mileage Detail:

Date	Purpose of Trip	Departure Place & Time	Destination	Return Place & Time	Miles	Total Amount
						\$0.00
						\$0.00
						\$0.00
						\$0.00
						\$0.00
Total - Mileage						\$0.00

Parking & Toll Detail:

Date	Purpose of Trip	Departure Place & Time	Destination	Return Place & Time	Type	Total Amount
					▼	
					▼	
					▼	
					▼	
					▼	
Total - Parking & Tolls						

General Ledger Account

Employee Signature Budget Officer Signature

APPENDIX C: Check Request Form



Print Form

CHECK REQUEST

- All fields must be filled out or payment will not be issued.
- If expense is greater than \$1,500, a purchase order is required.
- Receipt, contract or event registration must be attached.
- W9 is required for a new vendor.
- Use "Travel Reimbursement Form" for any travel related expenses
- Request for payment must be submitted to Account Payable (A/P) the Friday prior to Thursday's check run.
- Checks not picked up within one week of issue, will be mailed.
- Keep copy for your records.

Date Requested 2013-01-25 12:03:43 Mail Pick-Up
 Date Needed _____ Dept _____
 Tax/Emp # _____
 Payee/Emp Name _____
 Address _____

BUDGET / DEPT CODE				DESCRIPTION	AMOUNT
TOTAL					

Additional Description of Purchases

Budget Mgr: (Signature) _____

APPENDIX D: Pre-Approval Form for University Travel

Name of Traveler: _____

Name of Approver: _____

Date: _____

Expenditures expected for:

Travel: \$ _____

Food: \$ _____

Lodging: \$ _____

Description of Travel (Conference Name, Sponsoring Organization, Location, etc.):
