

# The College of Idaho

**Policy Name: Business Travel, Entertainment and Expense Reimbursement Policy**

**Responsible Department: Business Office**

**Approved By: President and Senior Staff**

**Approval Date: 05/07/14**

**Revision Date:**

Individuals (faculty, staff and students) who incur expenses on behalf of the College should make prudent financial decisions and practice conservative stewardship of College funds as the College is a not-for-profit entity.

**Purpose:** To provide guidance for reporting and submitting travel, entertainment and other expense requests for reimbursement incurred for authorized College business.

Note: when reimbursed expenses are to be charged to a restricted fund, grant or sponsored project, the terms stipulated by the funding source will take precedence if they are more restrictive than College policy.

The following policy complies with IRS regulations. If these guidelines are not met, reimbursements may have to be reported as income on the individual's W-2 form and subject to withholding for employment taxes or not reimbursed by the college.

## **ALLOWABLE TRAVEL EXPENSES**

### **TRANSPORTATION**

**Air travel:** Individuals are required to book the lowest-priced coach class airfare available. Cost incurred to change an airline ticket due to an unanticipated business reason must be approved by the individual's supervisor. Costs associated with changes made for personal reasons are **not** eligible for reimbursement and must be paid for from personal funds.

**Automobile travel:** The use of a private vehicle is discouraged, except for regional travel or for travel of one day or less. Individuals are encouraged to use College owned vehicles while on College business. Individuals utilizing personal vehicles shall carry their own insurance protection.

**Personal vehicles:** - Standard Mileage Allowance- the College will reimburse individuals the College approved rate per mile when a personal vehicle is used for a business purpose. The individual must document mileage by the date traveled, destination and number of miles traveled. (Mileage for an individual's commute to and from work is not eligible for reimbursement.)

- The business mileage reimbursement covers the costs of operating the vehicle including gasoline, oil, insurance and

repairs. Receipts for tolls and parking fees are reimbursed separately and are not included in the standard mileage rate.

- The standard mileage rate is determined by the Business Office, but will not exceed the IRS limit. The current approved rate is listed on the Expense Report form.

When leaving from home, mileage will be reimbursed for business related miles traveled that are above and beyond your normal daily round-trip commute. For example, if an individual's normal round-trip commute is 40 miles and they travel an additional 20 miles to conduct College business, only the 20 miles of College business miles will be reimbursed.

Additional miles traveled during College business for personal errands are not eligible for reimbursement.

**Rental cars:** When utilizing a rental car, actual expenses for fuel must be submitted.

- The College carries car insurance. Any supplemental coverage offered by the rental car company should be declined and is not eligible for reimbursement.

**Motor pool:** Fuel for College motor pool vehicles *must* be charged to the contracted College CFN fuel account card (contact facilities to reserve motor pool vehicles). Fuel purchases for motor pool vehicles by any other method may not be reimbursed unless approved by the Director of Facilities.

**Air travel vs. automobile travel:** use of private vehicle is discouraged for long distance travel. However, if a private vehicle is used the amount reimbursed will be the lower of the lowest-priced coach class airfare available or mileage. Evidence must be submitted to document which method is the lower cost. In addition, the cost of travel time, meals and rental car expenses must be considered when determining which is the lower cost.

**Other allowed transportation expenses:**

Tolls, ferries and parking expenses are other allowable expenses. Traffic, parking violations and citations are not reimbursable expenses.

## **LODGING**

Individuals may reserve reasonably priced lodging in a safe and secure location. If accompanied by guests, the individual will cover any additional room charges from personal funds. Individuals are to be reimbursed for the number of nights necessary for attendance at the assigned business activity. This may include the night before and the night following if reasonable transportation is not available.

## **MEALS**

The College will reimburse meals at the per diem rate when traveling on College business. Meals for spouses and other guests should be paid from personal funds.

Per diem rates – a daily allowance for three meals has been established for the reimbursement of meals. The current per diem rate is \$46. No reimbursement for meals is allowed for travel that is within the same calendar day. No receipts will be required under the per diem rate for meal allowances.

- \$ 8 Breakfast
- \$13 Lunch
- \$25 Dinner

Note: The per diem rate for New York, Boston, Chicago, Los Angeles, San Francisco and Washington D.C. is \$71 per day. Other high cost cities will be considered on a case by case basis.

- \$12 Breakfast
- \$18 Lunch
- \$41 Dinner

Any travel requiring an overnight stay, will allow the individual to claim one full day of per diem.

## **OTHER**

No reimbursement may be claimed for meals, lodging or other items furnished at no cost to the individual. For example, if you are hosted by a friend or family member, gifts and meals to them will not be reimbursed in lieu of lodging expense.

Per diem cannot be claimed for meals provided as part of a conference or meeting.

(See the Entertainment section of this policy for travel that includes entertainment of another person for College business.)

## **NON-ALLOWABLE TRAVEL EXPENSES**

Expenses submitted for reimbursement should be business related, necessary and reasonable. The following list is an example of non-allowable expenses and is not intended to be all inclusive:

- Expenses not related to College business.
- Travel costs of spouses or family members (unless spouse or family members are employees and/or on official College business).
- Insurance for business travel and supplemental accident coverage.
- Personal entertainment.

- Outside activities offered as a part of a conference but not directly related to College business at an additional cost. For example, an evening activity offered at a conference.
- Traffic citations, parking tickets and other fines.
- Kennel fees.
- Additional mileage costs as a result of personal errands during business travel.
- Childcare costs.
- Extra costs for additional person(s) in room.
- Purchase or rental of clothing to attend business functions.
- Purchases of toiletries, books, magazines, sporting goods, health or sporting facility usage, movie or theater tickets, movie rentals, laundry, personal telephone calls, or other items of a personal nature.
- Lost/stolen cash or personal items.
- Check cashing fees.

### **TRAVEL ADVANCE REQUEST FORM**

Travel Advances may be requested on the **advance request form** to cover expenses related for official College travel. Advances should not be requested for conference fees or other substantial costs that can reasonably be prepaid or invoiced. When feasible, direct payment to vendors is encouraged. **All advances must be cleared by submitting an expense report.**

Advances should be requested at least 7, but no more than 30 days, prior to travel.

- Only one travel advance per individual may be outstanding at a time.
  - *(Exceptions can be made by the business office with prior approval).*
- Student advances may not exceed \$50. Requests greater than \$50 must be signed by the Controller prior to payment.
- Any unused travel advance funds along with the completed expense report must be received in the business office within 10 days after completion the associated travel.

Student meal/fee money- faculty and staff who lead trips (group leader) may request reasonable meal/fee money advances. The amount distributed should be at the discretion of the group leader. Adequate documentation must be kept to indicate who received the funds outlined below:

- The group leader completes advance request form and submits to the business office.
- A check is issued to the group leader through accounts payable.
- The check is picked up and cashed by group leader.
- During the trip the group leader distributes funds to the individuals.
- The group leader will prepare a roster of meal/fee recipients. Once the recipient has received their funds, they will sign by their name acknowledging receipt of funds.
- Upon return from travel, the group leader must complete and submit an expense report accompanied with the signed list of recipients and return any unused funds to the business office.

Abuses of travel advance funds may result in the loss of future travel advances.

## **INTERNATIONAL BUSINESS TRAVEL**

On occasion individuals may need to travel internationally for College business. Please contact the business office prior to travel with questions or concerns.

## **ENTERTAINMENT EXPENSES**

Entertainment and hospitality expenses maintain and increase support of the College's endeavors. All faculty, staff and students are obligated to practice conservative stewardship of College funds.

Business-related expenses incurred by authorized individuals on behalf of the College for others (e.g. donors, trustees, vendors, potential employees, etc.) are reimbursable expenses under IRS guidelines if documentation meets the **5 W's** (outlined on page 6) including the business purpose and anticipated objective.

The College will reimburse the reasonable costs of alcoholic beverages consumed or purchased while conducting approved College business. The College defines reasonable consumption in a business setting to be no more than two drinks per employee. No alcohol may be purchased for students or by students.

Reasonable tips and gratuities, not to exceed 20%, included on the receipt are reimbursable.

### **Companion/spousal (non-employee) business and travel expenses**

The IRS considers expenses incurred for accompanying companions/spouses personal in nature except on occasions when attendance of a companion/spouse at an event serves a bona fide business purpose for the College and the presence of the companion/spouse is essential (not just beneficial) to the individual being able to carry out the business purpose for the College.

## **OTHER EXPENSE REIMBURSEMENT ITEMS**

From time to time it may be necessary for departments to pay for conference fees, and purchase supplies and other non-travel/entertainment type expenses. These items are limited to materials needed to conduct departmental business. Purchases exclude: capital expenses (items over \$5K), computers, printers, scanners, copiers, fax machines, phones, electronic devices, accessories for computers or electronic devices, software, software licensing and any other IT related expense. Exceptions to the excluded items listed in the paragraph must be approved by the business office and/or IT department.

Any questions regarding other reimbursable items should be directed to the business office prior to purchase of items.

## **IRS REQUIREMENTS**

Reimbursement procedures must comply with IRS Accountable Plan rules in order for travel advances and expense reimbursements to be considered NON-taxable income to individuals. Without proper documentation, advances and reimbursements must be reported as income on an employee's W-2 form and subject to withholding for employment taxes.

In order to ensure compliance with the IRS guidelines, the College requires that documentation and unused travel advance funds be submitted within **10 days** of incurring or paying an expense. **In addition, all expense reimbursement requests must be submitted within 30 days of incurring or paying an expense.**

## **DOCUMENTATION REQUIREMENTS**

Reimbursement requests will be submitted on the expense report form. Using the form assures collection of necessary documentation in a standard and consistent format.

- Receipts must be included for any expense to be reimbursed.
- Receipts shall be attached behind the expense report in the order they are presented on the expense report.
- Lodging and meal receipts must be itemized.
- If a vendor does not provide itemized receipts, notate it on the receipt. An example may be the purchase of a ticket to a high school basketball game for recruiting. The ticket stub with notation would be considered sufficient documentation.
- Credit card statements or cancelled checks may be sufficient to satisfy the itemization requirements if documentation cannot be obtained from the vendor. However every effort shall be made to obtain proper substantiation. Questions related to this documentation can be directed to the business office.
- Reimbursement requests for entertainment expenses must include a description of the business purposes and names/titles of those being entertained.
- Events that are open to the entire campus do not require a list of attendees, however it must be documented that the event was open to the entire campus.
- **Receipts can only be submitted by the person who incurred the expense.**
- De Minimis expenses - Occasionally un-substantiated expenses may be approved for reimbursement if they are De Minimis in nature. The IRS states that to be considered De Minimis the benefit should be:
  - an amount so small as to make accounting for it unreasonable or impractical AND,
  - Occasional or unusual in frequency.
    - *The College considers items under \$10 De Minimis. Prior to submitting a De Minimis expense item, every effort shall be made to obtain proper substantiation. De Minimis expense activity will be reviewed to identify any who abuse this policy in lieu of providing proper substantiation and may be disallowed from future use.*
- The business office must make sure that each expense reimbursement report includes the documentation that the IRS is known to look for in its audits. The general rule is that the IRS requires documentation of the “5 Ws”
  - **What** – Nature of the expense incurred and substantiation of the expense incurred (usually on receipt).
  - **When** – When was expense incurred (usually on receipt)?
  - **Where** – Where was expense incurred (usually on receipt)?

- **Why** – Business Purpose of meal/entertainment/lodging/expense.
- **Who** – Names/title of those entertained and explanation of the relationship if applicable.

### **APPROVAL/AUTHORIZATION**

- **Requestor:** Requestor's signature is required to certify that reimbursement requests are true, correct and in compliance with the policies of the College.
  - Requestor must sign and date the form in ink.
  - Use of a signature stamp or signing another person's name is not allowed.
  - Expense report must be either filled out in ink or typed. Use of a pencil is not allowed.
- **Approver:** Approver's primary responsibility is to verify that reimbursement requests are submitted in accordance with College policies. This includes reviewing accompanying documentation for completeness in support of reimbursement requests. Missing, incomplete or inadequate documentation should be resolved prior to submitting expenses for reimbursement to the business office.
  - The approver must have authorization to sign for the account(s) being charged.
  - The approver cannot be the requestor.
  - Whenever possible, the approver should be the requestor's direct supervisor.
  - The approver should not report to the requestor.
  - Approver must sign in ink, use of a signature is not allowed.
- *Detailed instructions on how to complete the expense report may be found on the reverse side of the expense report form.*
- If the above requirements are not met, the expense report will be returned to the approver and not processed until the requirements are met. This could mean that the deadlines established by the IRS may be imposed.

### **SERVICES:**

- Costs for services provided by a third party must be paid directly by the College and may not be submitted for reimbursement on an expense report.
- Do not pay for services with advance funds.
- Contact the business office to obtain a "Request for Payment" form and a blank W-9 form as the individual may be subject to reporting of non-employee compensation on a 1099-Misc form. Once complete, the service provider will receive payment directly from the College.
- Amounts due for services provided by a current College employee must be processed through payroll. Contact human resources for documentation requirements to process additional payments to current College employees.

Any expenses incurred outside of the Business Travel, Entertainment and Expense Reimbursement policy must be approved in advance by the Controller and may be classified as a taxable benefit to you under current IRS regulations.

***If you have a College issued PCARD, you must utilize the PCARD as the preferred method of payment with all vendors who accept VISA. See related PCARD policies.***

**Related Policies:**

Procurement Card (PCARD) Policy  
Using a PCARD