

[COMPANY NAME]

EXPENSE AND TRAVEL GUIDELINES

Philosophy and Review Procedures

[Company Name] has prepared this policy to provide broad guidelines for the reimbursement of business expenses. Guidelines cannot replace judgment, interpretation and analysis of individual situations.

[Company Name] requires all employees to read the entire Expense Policy and by submitting expenses for reimbursement, agree to the following procedures.

Guidelines

- The intent of these policies is to establish a consistent basis for employees when they have to expend personal funds for [Company Name] expenses.
- This policy is intended to evolve to meet changing requirements of auditors, the IRS, and internally.

Purpose of Guidelines

- To be fair and equitable. An individual working for [Company Name] should neither gain nor lose personally because he or she has incurred reasonable business expense. Individuals incurring similar expenses are to be reimbursed consistently throughout [Company Name].
- To be responsible and prudent in spending [Company Name] funds. A reasonable approach is to spend the money as if it were one's own.
- To ensure proper documentation is maintained by [Company Name] to support both internal and external standards required.

Expense reports will be reviewed to ensure compliance with IRS regulations and prudence in incurring expenses on behalf of [Company Name]. A review will be done as management or "propriety" review of the necessity for incurring the expense and will be conducted by the budget officer for that department. A review will be done by the Business Office and consist of an "accounting" review for compliance with [Company Name] policy and documentation requirements.

Employees submitting expense reimbursements must follow [Company Name] policies regarding reimbursements. If submissions are not in accordance with [Company Name] policies, they are to be returned to the employee for correction.

TRAVEL POLICY

Employees are required to submit complete and accurate expense reports in a timely manner. [Company Name] reimburses employees for appropriately authorized, reasonable and documented business expenses. Expenses should be generally submitted no later than **ten business day from the return date** to ensure that charges are billed and reported within [Company Name]'s financial system.

Compliance is the responsibility of each individual. [Company Name] acknowledges that there may be extreme circumstances when an employee's expense report might be late in being filed and an explanation must be included on the report form. Repeated noncompliance with [Company Name]'s policy by an employee will be elevated to the appropriate senior level for consideration of the issue.

Reimbursable expenditures must be supported by documentation attached to the expense report. The documentation should be presented in an orderly fashion. The preferred method is to tape the receipts in chronological order to one or more sheets of standard 8-1/2 x 11 paper and to include explanations in the margins. In all cases, there must be a clear trail from the received amounts claimed on the expense report.

The Internal Revenue Code (IRC) requires that reimbursable expenditures be supported by adequate records which clearly establish that they were ordinary and necessary; reasonable in amount; and incurred for a valid business purpose. In order to meet the IRC requirements, the following criteria must be met to qualify for reimbursement:

- The identity of the vendor or supplier must be indicated.
- The business purpose for the expenditure must be stated.
- The identity and business relationship of others participating in the event (e.g. a business meal) covered by the expenditure must be stated.
- **Original** itemized receipts must be attached (e.g. itemized hotel bills, airline passenger receipt coupons, automobile rental invoices, parking receipts, phone bills, restaurant receipts) for all expense items in excess of \$_____. No receipts are required for mileage. (Mileage should include to/from information.) **Incomplete or non-itemized receipts are not accepted as valid documentation and normally will not be reimbursed.** If the original itemized receipt is not available, adequate proof of payment must be submitted (e.g. original credit card statement or copy of cancelled check); if lost or employee forgot to retain the itemized receipt, the report must be signed and approved by the budget officer for that department. If the person requesting a reimbursement is the budget officer of that department, then approval by the Business Office in accordance with normal policy must be obtained.

[Company Name] may adjust or update this policy through cabinet approval at any time but must provide sufficient notification to employees.

TRAVEL AUTHORIZATION

Official business trips are defined as those, which are required for direct support of the company. When traveling on official company business, prior authorization must be obtained from the budget officer. When the traveler is the budget officer authorization should be obtained from the budget officer's supervisor.

TRAVEL ADVANCES

Federal guidelines limit travel advances for lodging, meals and incidentals, (M&I) to \$_____ per day or \$_____ per day in specific regions. [Company Name] will review costs for lodging on a case-by-case basis. Meals and incidentals, including transportation, will be limited to \$_____ per day. Cost for transportation must be reasonable based on purpose of travel.

Advances for Corporate Credit Card holders will be limited to the amount of M&I. If the lodging vendor does not accept a credit card for payment, a check request must be submitted payable to the vendor with proper documentation attached. If this is an advance for lodging, upon return of your tri, you will be required to submit a receipt from the vendor.

Travel Advance Request forms can be found and printed from the Business Office Forms web page. All sections of this form, including an authorized signature and account to be charged, must be completed and turned into the Business Office. **Travel advances will only be paid 30 days prior to travel date(s).**

If the form is properly completed when received at the Business Office, the budget account will be checked to ensure that funds are available, and a check will be issued and routed as specified on the request. If a department is authorizing a student to receive a travel advance, it is the department's responsibility to apprise them of company policies on travel.

Travel – Expense Report must be submitted to the Business Office within 10 days following the completion of travel. Otherwise, advance payment will be viewed as a personal advance to the employee and will be payroll deducted. This is in accordance with federal IRS guidelines and [Company Name] policy. **No personal reimbursements will be processed until any outstanding travel advances have been substantiated.**

TRAVEL EXPENSES

The Travel Expense Report is designed specifically to meet Federal regulations, which state that a daily record must be kept for proof of travel expenses.

In order to comply with IRS requirements, detailed receipts are required for all expenditures in excess of \$_____ (See Section _____.) These must be attached to the Travel Expense Report and must itemize expenses being reimbursed.

When meals are above the daily M&I allowance an explanation must be attached to the travel form as well. This is to include, if possible, a detail receipt of the meal, number and names of people at table, as well as purpose of the meal.

Tips up to 15% of the total bill will be reimbursed, any amount above that will be paid by the traveler.

Official phone calls may be reimbursed when it is necessary to incur such expenses while traveling. However, a log of such calls must be attached to the Expense Report for total calls in excess of \$_____ adding a brief justification for the call. Personal phone calls should be limited to reasonable home check-ins.

Entertainment expenses will be reimbursed only when necessary for the complete support of [Company Name]. To meet IRS requirements (See Section _____), the following information **must be included** on the Expense Report:

- a. Date of entertainment
- b. Name of person(s) entertained
- c. Time and place
- d. Nature and purpose of entertainment

The following items are normally to be considered personal, unless there is a business purpose and therefore, are not usually reimbursable expenses:

- **Bar bills and other similar charges at the place of lodging**
- **Movie rentals**
- **Gift shop charges**
- **Pet Boarding and/or Food/Supplies**
- **Child Care Expenses**
- **Laundry and valet expenses will not be reimbursed unless the trip exceeds seven days. (Exceptions must be documented and approved by the budget officer).**
- **Hotel safe and room service charges must be explained on the expense report from or reimbursement will not be made. Examples of circumstances for room services are arriving late or traveling alone.**

When a spouse accompanies an employee on a company funded trip; the spouses' expenses will be from personal funds, not [Company Name] funds. The spouses' travel expenses are only reimbursable when it can be demonstrated that the spouse is performing an essential company function as approved by the appropriate budget officer or Vice President.

Process Exceptions:

Expense reports are to be submitted on the approved forms with proper documentation to the Business Office in the timely manner listed in the policy. If any exceptions apply to an expense report, it needs to be approved by the appropriate budget officer with explanation on the form. Then, it should be submitted to the Business Office for processing. The Business Office still reserves the right to question any expenditure for proprietary compliance with policies.

The following are examples of expense items that will not usually be acceptable under current company policies:

- On Travel Expense Report, it will not be acceptable to declare \$20 per meal everyday as we do not offer per diem allowances.
- Personal items are not reimbursable expenses. Examples include, but not limited to: toiletries, alarm clocks, luggage, pet supplies, etc.

- Ensure that if you are traveling with another company employee that duplicate submissions of expenses are not submitted.
- Reimbursement of alcohol at non-company events not catered by the company or not taking place in an establishment with a liquor license place the company in a situation of legal liability and therefore, cannot be reimbursed – the reasons for this requirement are as follows:
 - When a non-company event serves alcohol and is not catered by the company, the alcohol beverage license of [Company Name] does not cover the event.
 - Such events create a liability to the company that is significant – the company's license requires oversight in the distribution of alcoholic beverages such that underage persons do not partake and an individual does not become intoxicated. The company's staff is trained in this area but non-company events held do not include individuals with such training.
 - Events taking place in an establishment with its own liquor license can be reimbursed if company related because the liability rests on the establishment and not [Company Name].
 - These issues have been discussed with our insurance administrators as well as representatives from the [State] Alcohol Control Board and they concur with this position.