



Editor's notes:

POLICY TITLE: Carnegie Mellon University Business and Travel Expense Policy

DATE OF ISSUANCE: This Policy was approved by the President's Council on February 1, 2011, and applies to all business and travel expenses incurred and/or expense reports submitted on or after March 14, 2011.

ACCOUNTABLE DEPARTMENT/UNIT: [Finance Division](#). Questions about the content of this Policy should be directed to Travel and Expense Reporting in the Controller's Office.

ABSTRACT: Carnegie Mellon will pay for or reimburse business and travel expenses that are in compliance with the policies and procedures below.

Carnegie Mellon University Business and Travel Expense Policy

TABLE OF CONTENTS

- I. GENERAL OVERVIEW
 - A. Purpose
 - B. Who Should Read this Policy?
 - C. General Provisions
 - D. Reporting Requirements
 - E. Organizational Responsibility
 - F. Sharing Expenses with External Organizations
 - G. Purchasing Card
 - H. Sales Tax Information
 - I. International Locations and Sponsored Grants and Contracts

- II. SPECIFIC EXPENSE POLICIES
 - A. Insurance, Transportation, and Parking
 - 1. Business Travel and Accident Insurance
 - 2. Using Preferred Travel Agencies
 - 3. Air Transportation
 - 4. Automobile Travel
 - 5. Rail Travel
 - 6. Foreign Travel

B. Lodging

1. General
2. Cancellations

C. Travel Per Diem Options – For Employees Only

D. Alcohol, Meals, and Entertainment

1. General
2. Travelers' Meals
3. Business Meals and Meetings when not Traveling
 - a. Employee Only Business Meals
 - b. Occasional Employee Banquets and Functions
 - c. Recruiting and Other Business Meals
 - d. Alcohol in Conjunction with Business Meals and Individual Travelers

E. Business Entertainment

1. What is Business Entertainment?
2. Alcohol in Conjunction with Business Entertainment

F. Other Business and Travel Expenses

1. Visitors, Recruits, Independent Contractors, Consultants, Students, Courtesy Appointments and Other Non-Employees
2. Professional Development
3. Membership, Dues and Subscriptions
4. Miscellaneous Business Expenses
5. Miscellaneous Travel Costs
6. Personal and Companion/Spousal Business and Travel Expenses
 - a. General
 - b. Personal Business Conducted During Period of Travel
 - c. Companion/Spousal Business and Travel Expenses

G. Relocation of New Employees

1. General Requirements
2. What Will Be Reported on the New Employee's W-2 for Tax Purposes?

III. PAYMENT OF BUSINESS EXPENSES

A. Travel Advances

1. General
2. Procedures for Obtaining Travel Advances
3. Availability of Travel Advances
4. Uncleared Travel Advances (including Payroll Reporting)

B. Expense Documentation

1. General
2. Required Documentation and Receipts

I. GENERAL OVERVIEW

A. PURPOSE

The purpose of this Business and Travel Expense Policy (Policy) is to provide departments, supervisors, employees and non-employees with specific policies and procedures regarding Carnegie Mellon University (university) business and travel expenses. 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 primary emphasis of this Policy is on business and travel expense reimbursements because those expense reimbursements are the focus of Internal Revenue Service (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 (e.g., federal income tax withholding, social security taxes or Medicare taxes).

Very generally, 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 a reasonable accounting for the expense.
3. All excess reimbursements must be repaid within a reasonable amount of time.

The IRS has issued a number of regulations which further define these requirements and this Policy is designed to meet them.

B. WHO SHOULD READ THIS POLICY?

- Employees who incur expenses on the university's behalf, including through use of the university purchasing card and other direct payment mechanisms.
- Employees who travel on university business.
- Employees who supervise employees incurring university business expenses.
- Employees who make travel and other arrangements or prepare expense transactions for:
 - University employees;
 - Prospective university employees;
 - University visitors;
 - Students who travel on approved university business; or
 - University-sponsored conventions, conferences, or seminars.
- Non-employees (this includes but is not limited to visitors, recruits, independent contractors, consultants, students, and courtesy appointments) who travel for university-related business or incur expenses for which the university has agreed to pay.

C. GENERAL PROVISIONS

- 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. (See **Reporting Requirements**) 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 basic premise governing business and travel expenses is that an individual should neither gain nor lose funds in the course of conducting university business.
- Because it is not possible to anticipate all of the circumstances that individuals may encounter in conducting university business, it is expected that those requesting reimbursement or incurring business or travel expenses and individuals preparing and approving expenses for payment will follow this Policy in a manner that keeps expenses to a minimum and fairly assigns the costs of business-related activities to the university.
- Assuming a reasonable level of safety and convenience for the individual, every effort should be made to keep university business and travel expenses to a minimum.
- All expenses must have a valid business purpose. The university will not reimburse or pay for expenses that are inherently personal in nature. Below are some examples of personal expenses:
 - Personal grooming services, such as barbers, hairdressers, toiletries, and shoe shines;
 - Child care costs, babysitting, and house-sitting costs;
 - Pet care, including fees for boarding pets and other animal care;
 - Any personal clothing and accessories;
 - Prescriptions, over-the-counter medication, and other medical expenses;
 - Personal reading material, such as non-scholarly magazines, books and newspapers;
 - Personal recreation or entertainment such as greens fees, sightseeing fares, theater tickets, entry fees, lift tickets, etc.;
 - Credit card delinquency fees and finance charges;
 - Dues in private clubs;
 - Gym and recreational fees, including massages, manicures/pedicures and saunas;
 - Amenities such as movies, in-room bars, saunas, massages, etc.;
 - Personal insurance costs such as life insurance, business travel accident insurance, personal automobile insurance and baggage insurance;
 - Lost baggage;
 - Loss or theft of travel advance money, airline tickets, personal funds and other personal property; and
 - Parking tickets or traffic violations.

- The university will not pay for or reimburse business or travel expenses that have been or will be reimbursed from any outside sources (other than expenses for which the university will be reimbursed under agreements such as grants or sponsored project agreements).
- Since departments govern how authorization for business and travel expenses is granted, departments may elect to impose additional restrictions over expenses beyond those required by this Policy for various business reasons, including budget availability.
- A per diem travel allowance for meals and/or lodging is available for travel by Carnegie Mellon faculty, staff and student employees, but is not permitted for non-employees. Per diem reimbursement is not available for student employees who are being reimbursed for academic expenses not related to their employment.
- The university will not provide travel advances, pay directly or make reimbursements for the travel expenses of companions/spouses or non-employees who accompany faculty or other employees on university business, except in limited circumstances (See **Companion/Spousal Travel and Business Expenses**).
- **CAUTION:** Expenses that may be reasonable and necessary business expenses per this Policy may be unallowable for Federal, state or other sponsored reimbursement, either directly or indirectly. Individuals incurring expenses or requesting reimbursement from agency or other sponsored funds should consult agency guidelines and/or the relevant contract to ensure that all agency or sponsor procedures and restrictions are followed. Any questions about the interpretation of agency or sponsor procedures or restrictions should be directed to the designated departmental finance representative and/or the Sponsored Projects Accounting Office.

D. REPORTING REQUIREMENTS

IRS accountable plan rules require the university to maintain a policy under which employees and non-employees must account for all business and travel expenses, advances, and allowances. The accounting must include:

- sufficient information to establish a valid business purpose of the travel, entertainment, or other business expense;
- substantiation of the business and/or travel expense with required original receipts and an adequate record of each expense indicating the amount, date and place for all expenses of \$75 or more. If alcohol is included in the receipt total, it must be identified and reported separately. (Note: Departments may request detail for expenses below \$75 for additional departmental internal control purposes.); and
- the prompt return of any unused monies from travel advances (See **Travel Advances**).

In order to avoid having the reimbursement be taxable to the individual, expenses should be submitted within 30 days of completing the travel or incurring the expense. Reimbursement of expenses must be submitted within 90 days after completing the travel or incurring the expense; otherwise, this will result in the reimbursement being taxable to the individual.

E. ORGANIZATIONAL RESPONSIBILITY

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

The responsibilities are defined as follows:

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 transaction 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 business expense preparer;
- Proper approval for upgrades and exceptions has been obtained and has been provided to the business expense preparer;
- A valid Oracle account number(s) has been provided to allocate the expenses;
- To the best of the individual's knowledge, the expense is in compliance with this Policy and if the expense is to be charged to a sponsored award, that the expense is in compliance with all sponsor requirements/Federal regulations.

Business expense preparer – This individual is responsible for preparing the expense transaction and, by submitting, 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 expense has been properly allocated to the Oracle account number(s).

Business expense approver – This individual is responsible for approving the expense transaction and, by approving, 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;
- There is proper Department approval for upgrades and exceptions;

- The expense has been properly allocated to the correct Oracle account number(s);
- To the best of the approver's knowledge, the expense complies with this Policy and if the expense is to be charged to a sponsored award, that the expense is in compliance with all sponsor requirements/Federal regulations.

Permitted exceptions to this Policy may only be granted by the president, the provost, the department's dean, a vice-president, or the designated departmental finance representative. The designated departmental finance representative must be designated by the department and the department must notify Finance of the department's designation. These exceptions should be documented and submitted where appropriate.

F. SHARING EXPENSES WITH EXTERNAL ORGANIZATIONS

Individuals are responsible for seeking reimbursement for expenses payable by external organizations. If an individual is taking a trip that will be paid by Carnegie Mellon and an external organization, Carnegie Mellon will pay its agreed upon share of the actual expenses necessary for university business. When an external organization pays for actual expenses incurred for lodging or meals, the individual may not claim per diem. The reimbursement received by the individual from all sources can never exceed the total expenses incurred by the individual.

When expenses are being shared with external organizations and the expense report justification field contains a detailed explanation of which organization is paying the balance of the expenses, a duplicate copy of the receipts will suffice for reimbursement.

G. PURCHASING CARD

The Policy applies to all business expenses incurred utilizing the university Purchasing Card. Cardholders should also refer to the Purchasing Card Guidelines included in the Purchasing Manual to familiarize themselves with what is and is not allowable to be purchased using the Purchasing Card.

H. SALES TAX INFORMATION

As a nonprofit organization, the university has been granted exemption from state sales tax on goods and services purchased in certain states. Generally, in order for a purchase to be exempt from sales tax, the business purchase must be made directly with university funds (e.g., a university check, purchase order or purchasing card) and the university's sales tax exemption certificate must be provided to the vendor at the time of purchase. When sales tax relating to business or travel expenses is erroneously paid directly with university funds, it is the designated departmental finance representative's responsibility to determine if the university, working through the Taxation Department, should seek a refund of the sales tax that was paid. Questions regarding the possibility of obtaining a refund for sales tax paid should be directed to the Taxation Department.

Sales tax incurred with personal funds for university business travel and for business meals will be reimbursed. Sales tax incurred with personal funds for other business purchases should include a

description supporting the business purpose as to why the sales tax was paid and may be reimbursed subject to approval by the designated departmental finance representative.

The sales tax exemption does not apply to hotel occupancy taxes, the Allegheny County alcohol beverage tax, locations that are outside of the United States, and in some states.

To obtain a copy of the relevant university's sales tax exemption certificate or for additional information or questions regarding sales tax, please contact the Taxation Department.

I. INTERNATIONAL LOCATIONS AND SPONSORED GRANTS AND CONTRACTS

The university maintains branches or similar types of operations in various foreign (i.e., non-United States) countries. The majority (or all) of the university's foreign branches or operations are funded in whole or in part by a foreign sponsor pursuant to an agreement between the university and the foreign sponsor (and the foreign sponsor may also be an agency of the foreign government in which the branch or other operations are located).

A particular travel or business expense that is not treated as income for United States personal income tax purposes may be treated as income for personal income tax purposes in the country or locality in which the foreign branch or location is based, and vice versa, for employees and others who are based at that foreign branch or location due to the tax and compensation and benefits laws of that country or location. For example, a tax-free reimbursement of moving expenses in the United States may be taxable for personal income tax purposes in a foreign location. As a result, employees and others based at one of the university's foreign branches or operations may have different personal income tax consequences than that specified in this Policy.

Business or travel expenses funded by a sponsored grant or contract may also have additional requirements, or may be subject to additional restrictions or limitations, than that required by this Policy. For example, alcohol and tobacco are not permissible expenses to be charged to the Qatar entity. The individual requesting reimbursement should consult the sponsoring agency guidelines and/or the relevant contract to ensure that all agency or sponsor procedures and restrictions are followed. Any questions or interpretation of Federal or sponsor restrictions should be directed to the designated departmental finance representative who may need to consult with the Sponsored Projects Accounting Office or Office of International Finance.

II. SPECIFIC EXPENSE POLICIES

A. INSURANCE, TRANSPORTATION, AND PARKING

1. BUSINESS TRAVEL AND ACCIDENT INSURANCE

The university provides business travel and accident coverage for all active full time faculty and staff members (and all part-time employees working at least seventeen and one-half (17.5) hours per week) on university approved and directed business travel.

Specific questions regarding the university's business travel and accident insurance coverage should be directed to the Benefits Office.

2. USING PREFERRED TRAVEL AGENCIES

To assist university travelers, the university has entered into agreements with several preferred travel agencies that provide the university with competitive fares, high-quality service, and convenience for university travelers. These travel agencies are set-up to bill the university directly for the cost of airfare, rather than the individual paying the cost personally and needing to be reimbursed. Like all other business expenses, all travel is subject to budgetary availability.

3. AIR TRANSPORTATION

Federal law (the Fly America Act) states that Federal awardees and others performing Federal government air travel between the United States and a foreign country or between foreign countries should generally use United States flag carriers to the maximum extent. This requirement is not affected by factors of cost and/or convenience.

The practices specified by the Fly America Act may differ among Federal agencies. Accordingly, individuals traveling abroad whose travel will be charged to a Federal grant or contract should consult agency guidelines to ensure that all agency procedures and restrictions are followed. Any questions or interpretation of Federal regulations should be directed to the designated Departmental finance representative who may need to consult with the Sponsored Projects Accounting Office.

It is the responsibility of the traveler to use a personal credit card when making travel arrangements outside of the university's preferred travel agencies, if this is permitted by the external sponsor. Reimbursement for airfare purchases made with a personal credit card should be made only after proof of payment has been submitted with the expense report. In cases where individuals are requesting reimbursement prior to the trip, the department is responsible for ensuring that the trip occurred.

Class

The class of air travel chosen is expected to be the lowest-priced coach airfare ticket available using a commercial discount or coach class or standard accommodations.

The traveler may be reimbursed for business class when permitted by the sponsoring agency (if applicable) and the approval has been obtained by the designated departmental finance representative. For airline tickets funded by a sponsored grant or contract, the individual requesting reimbursement should consult agency guidelines and/or the relevant contract to ensure that all agency or sponsor procedures and restrictions are followed. Any questions or interpretation of Federal or sponsor restrictions should be directed to the designated departmental finance representative who may need to consult with the Sponsored Projects Accounting Office.

In some cases, premium (e.g., first class, business class) fares may be an appropriate business expense subject to budget availability and approval by the president, the provost, the department's

dean, a vice-president, or the designated departmental finance representative. Examples include but are not limited to the following:

- Overnight “red-eye” flights;
- Flights exceeding eight (8) continuous hours.

Travelers are encouraged to request pre-approval for premium fares and must follow departmental guidelines/procedures.

Frequent Flyer Plans

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.

Airport Airline Club Memberships

Dues for memberships in airline clubs are personal expenses and are not reimbursable.

Baggage

Charges by airlines for checked baggage when traveling on University business are a reimbursable business expense.

Excess baggage expenses are reimbursable in any of the following circumstances:

- Traveler is transporting university materials;
- Traveler is on an extended period of travel;
- Department has approved of the charge.

Upgrades

A request for reimbursement for an upgrade for seats, premium boarding, etc. must include a description supporting the business purpose as to why the upgrade was appropriate and must be approved by the individual’s supervisor and designated departmental finance representative.

Parking

Airport or other business parking will be reimbursed, but travelers are urged to use long-term, lower-cost parking lots when available. If public transportation or a cab taken to and from the airport or other business location would result in a lower cost (due to the high cost of parking in most cities and airports), the traveler is encouraged to take advantage of these savings.

Early Departure or Late Return

Additional costs incurred for early departure or late return are not reimbursable unless the savings in airfare is equal to or greater than the total costs for lodging, meals, etc. incurred during the additional days of travel. It is appropriate to consider other relevant costs and factors against the savings in airfare, including the inherent cost of being out of the office for a longer period of time. Early departure and late return costs must be approved by the designated departmental finance representative.

Lost Luggage/Items

The university does not maintain any lost luggage/items insurance coverage for any loss of personal belongings of its employees while on university business travel. University employees are encouraged to make their own arrangements for this type of insurance coverage either through their personal homeowners/renters insurance company or with their travel agent at the time of travel. The university will reimburse for this type of insurance only if there is a valid business purpose and the expense is approved by the designated departmental finance representative.

4. AUTOMOBILE TRAVEL

Personal Automobiles

When the use of a personal automobile is necessary for university business, reimbursement for its use will be made at the mileage rate published by the IRS. Employees at international locations may be required to adhere to country specific mileage rates and should consult their local business office with questions.

It is the responsibility of the traveler to ensure that the proper mileage rate is being used and the distance is based upon actual driving distance using the most direct route. The mileage reimbursement rate covers reimbursement for use of the vehicle as well as any repairs, gas charges, and the owner's personal automobile insurance coverage, which provides the coverage in case of an accident. Tolls and parking fees are reimbursable. The university will not reimburse employees for parking tickets, fines for moving violations, vehicle towing charges, or auto repairs and maintenance.

Rental Cars

Rental of vehicles for university business use should be arranged through the university's preferred suppliers.

Standard vehicles are the recommended vehicle size for rental purposes. Upgrades to full-size cars are permissible if the individual's designated departmental finance representative provides approval, a detailed explanation (e.g., number of persons, luggage accommodations) is included in the business justification and it is an allowable cost by the governmental sponsoring agency (if applicable). In addition to the payment for the cost of the rental car, the only other permissible expense for rental cars in most cases is the cost to purchase any gasoline.

Vehicles rented for university business purposes for less than thirty (30) days are considered short-term rentals by the university's current automobile insurance carrier. Coverage of short-term rentals under the university's automobile insurance policy is subject to the following conditions:

- a. All drivers of rental vehicles must be over the age of twenty-one (21).
- b. Any rental vehicle that has a value over \$75,000 must be specifically scheduled with the Risk Management Office prior to the start of the lease/rental agreement.
- c. Coverage under the university's automobile insurance policy is only provided for vehicles rented in the United States, the territories and possessions of the United States, Puerto Rico and Canada.
- d. Rented vehicles should be leased as: Carnegie Mellon University - (name of faculty, staff, or student).
- e. Individuals renting vehicles for more than thirty (30) days should contact the Office of Risk Management Office to confirm applicable insurance coverage.

United States and its Territories and Possessions, Puerto Rico and Canada Vehicle Rentals:

The insurance coverages below should not be purchased by those traveling in the United States, any territory or possession of the United States, Puerto Rico or Canada. The university already maintains automobile liability insurance within these countries and territories. Costs for the following coverages will not be reimbursed:

- a. Loss Damage Waiver/Collision Damage Waiver;
- b. Liability insurance supplement/Additional Liability insurance;
- c. Personal accident insurance.

International Vehicle Rentals:

University employees renting vehicles for international business travel outside the coverage territory of the United States, the territories and possessions of the United States, Puerto Rico and Canada are advised to purchase any automobile liability and physical damage insurance required by the specific country. University employees will be reimbursed for any required coverages and/or the following coverages:

- a. Loss Damage Waiver/Collision Damage Waiver;
- b. Supplemental liability insurance, if any.

Regardless of location, the following optional insurance coverages will not be reimbursed:

- a. Personal effects coverage/effects protection;
- b. Personal accident insurance.

Any accident involving a rental vehicle in either a domestic or international location must be timely reported to both the car rental agency and the Risk Management Office for handling of claims and coordination of coverage.

Ground Transportation

Ground transportation is an appropriate business expense (including a tip) to the extent that such service is necessary for business purposes.

5. RAIL TRAVEL

The class of rail travel chosen is expected to be the lowest-priced coach rail ticket available. In some cases, premium (e.g., first class) fares may be an appropriate business expense subject to budget availability and approval by the president, the provost, the department's dean, vice-president or the designated departmental finance representative.

Travelers are encouraged to request pre-approval for premium fares and must follow departmental guidelines/procedures.

6. FOREIGN TRAVEL

All policies and procedures pertaining to travel apply to foreign travel. Actual costs are reimbursable, to the extent reasonable and necessary, provided valid business purposes and appropriate documentation are submitted with the expense report.

The U.S. State Department maintains a list of countries for which travel advisories have been issued. Countries where avoidance of travel is recommended will have Travel Warnings as well as Consular Information sheets. The State Department's Web site for travel advisories is:

<http://travel.state.gov>

Additionally, a traveler should consult the additional university travel resources (Global Security and the Risk Management Office) at least 30 days prior to any planned travel to any sanctioned countries.

Foreign travel funded by sponsored grants or contracts may require agency or sponsor approval prior to travel. Individuals traveling abroad should consult agency guidelines and/or the relevant contract to ensure that all agency or sponsor procedures and restrictions are followed. Any questions or interpretation of Federal or sponsor restrictions should be directed to the designated Departmental finance representative who may need to consult with the Sponsored Projects Accounting Office. Most Federal agencies require that all foreign travel be on a U.S. carrier unless circumstances, such as lengthy holdovers, preclude using a United States airline (See **Air Transportation**). Many sponsoring agencies or sponsors must specifically approve trips abroad well in advance of departure. This requirement exists whether or not travel is referenced in the grant or contract award notification. Arrangements for foreign travel supported by sponsoring

agencies or sponsors can be complex, requiring not only prior approval but detailed justification for each trip, as well as detailed trip reports.

For travel to and from Qatar, travelers must work through the Office of International Finance.

B. LODGING

1. GENERAL

The university will directly pay or reimburse a traveler for lodging expenses for the single occupancy cost of a standard room incurred during university-related travel. Travelers must retain an itemized hotel bill for reimbursement of their lodging expenses if the per diem lodging allowance is not used (See **Travel Per Diem Options – For Employees Only**). A per diem lodging allowance is not permitted for non-employees.

The university will not pay for free accommodations awarded in connection with hotel frequent guest programs or any complimentary room accommodations provided by a hotel or other third party.

Some sponsored project contracts set forth per-diem rates for lodging expenses. Individuals traveling should consult agency guidelines and/or the relevant contract to ensure that all agency or sponsor procedures related to lodging are followed. Any questions or interpretation of Federal or sponsor restrictions should be directed to the designated departmental finance representative who may need to consult with the Sponsored Projects Accounting Office.

2. CANCELLATIONS

The university will pay for expenses incurred from cancelling guaranteed room reservations only with a detailed explanation of the extenuating circumstances. The detailed explanation must be approved by the president, the provost, the department's dean, a vice-president, or the designated departmental finance representative and this approval should be documented and submitted as appropriate. It is the traveler's responsibility to request a refund from the hotel for a "no show" charge.

C. TRAVEL PER DIEM OPTIONS – FOR EMPLOYEES ONLY

Employees may choose from one of the following travel per diem options:

- 1) A per diem for lodging, meals, and incidental expenses (tips, etc.); or
- 2) A per diem for meals and incidental expenses (with lodging being either reimbursed on the basis of actual expenses incurred or directly paid by the University).

Departments may require reimbursement based on actual expenses with receipts in lieu of per diem based upon departmental-specific policies and procedures (including for budgetary requirements). Employees at international locations may be required to adhere to country specific per diem rates and should consult their local business office with questions.

U.S. General Services Administration (GSA) periodically revises the per diem rates based on the costs of meals and lodging. Employees must use the per diem rates in effect at the time of travel. The per diem rates used must comply with those listed on the GSA website at:

<http://www.gsa.gov/perdiem/>

Departments may elect to reimburse its employees for amounts below the per diem rates (since in many cases reimbursement on a per diem basis will be more costly than reimbursement of actual expenses). Per diems apply to the entire travel period – an employee cannot be reimbursed on a per diem basis for only a portion of a trip. A per diem reimbursement cannot be provided if there is reason to believe that the employee will not incur expenses for lodging and/or meals (e.g., if lodging is provided and paid for by the University).

Per diem calculations for the first and last day of travel must take into account departure and arrival times and must be prorated accordingly if the first and/or last business day of travel does not encompass at least 7.5 hours of travel and/or work time in the aggregate.

Additionally, the university's meal and incidental expense per diem should be reduced to account for meals furnished at no cost to the employee. For example, if meal costs are provided in the cost of a conference, airfare or hotel, those meals should be deducted from the daily per-diem rate as defined on the GSA website.

Employees who are eligible to receive per diem reimbursement need not submit receipts for the lodging and/or meals covered by a per diem. However, recipients of per diem must submit documentation (e.g., airline and conference itineraries) confirming the dates they have been in a travel status.

In addition to per diem, employees may be reimbursed for certain other travel and business expenses. These expenses may include the costs of business transportation (including local transportation), business telephone calls, and other miscellaneous business expenses; all of the latter must be reimbursed on an actual basis, with appropriate receipts. If per diem option 2) above

is chosen, the employee may also be reimbursed for lodging expenses based upon actual expenses incurred.

TRIPS OVER 30 DAYS

When travel is expected to occur for more than 30 consecutive days in one location, or when the circumstances of the travel are such that the traveler can reasonably be expected to incur expenses comparable to those arising from the use of establishments catering to the long term visitor or from the use of non-commercial facilities, the traveler may be reimbursed either for the actual and reasonable costs incurred or with a per-diem allowance equal to 60% of the standard rate for the appropriate geographic area. The reduced rate begins with the first day of travel.

D. ALCOHOL, MEALS, AND ENTERTAINMENT

1. GENERAL

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

- entertainment expenses (see **Business Entertainment**) incurred in the course of conducting business, none of which are allowable as either a direct or indirect expense of Federally-sponsored projects;
- business expenses, some or all of which may be allowable as either a direct or indirect expense of Federally-sponsored projects, and some of which may not be (alcohol is always unallowable); or
- personal expenses.

Federal regulations require that these expenses be treated appropriately.

For meals and entertainment funded by a sponsored grant or contract, the individual incurring the business expense should consult agency guidelines and/or the relevant contract to ensure that all agency or sponsor procedures and restrictions are followed. Any questions or interpretation of Federal or sponsor restrictions should be directed to the designated departmental finance representative who may need to consult with the Sponsored Projects Accounting Office.

2. TRAVELERS' MEALS

The university will reimburse travelers for the reasonable 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).

Employees can choose to be reimbursed via per diem or actual cost for meals. Non-employees can only be reimbursed for actual costs incurred for meals.

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 (see **Travel Per Diem Options – For Employees Only**). 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 business expense 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 and 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.

3. BUSINESS MEALS AND MEETINGS WHEN NOT TRAVELING

a. 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.

b. 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. While reasonable expenses for these functions may be considered appropriate business expenses per this Policy, they may be unallowable for Federal reimbursement (either directly or indirectly).

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 ordinarily considered business expenses.

c. 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 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.

Inclusion of companions/spouses or other individuals who are not directly involved in conducting university business are general indications that the occasion is not a business meal, but an entertainment function (see **Business Entertainment**).

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

d. Alcohol in Conjunction with Business Meals and Individual Travelers

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.

Because alcohol cannot be charged to a Federal grant or contract (either directly or indirectly), alcohol costs must be charged to the unallowable object code/expense type and to a non-Federal account.

Alcohol and tobacco are not permissible expenses to be charged to the Qatar entity.

E. BUSINESS ENTERTAINMENT

1. What is Business Entertainment?

Meals and functions are considered entertainment if they are intended to provide hospitality to non-university individuals which, although partially social in nature, are necessary and customary in furthering the university's business.

Examples of business entertainment include:

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

Meals and functions which include companions or spouses or other individuals who are not directly involved in conducting university business are general indications that the meal or function is entertainment rather than a business meal or meeting. (See **Companion/Spousal Travel and Business Expenses**)

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 indicated along with the business purpose of the entertainment. The business purpose of the entertainment must also be documented.

Because entertainment expenses are rarely, if ever, allowable as either direct or indirect costs of Federally sponsored grants and contracts, it is imperative that these and any related alcohol costs be segregated and charged to either an unallowable object code/expense type or appropriate function to ensure that the amount is excluded from any calculation of direct or indirect sponsored project costs.

2. Alcohol in Conjunction with Business Entertainment

If it is deemed appropriate by the individual's designated departmental finance representative or department's dean to include alcohol at university entertainment functions, expenses for the alcohol must be charged to the unallowable object code/expense type.

Alcohol and tobacco are not permissible expenses to be charged to the Qatar entity.

F. OTHER BUSINESS AND TRAVEL EXPENSES

1. VISITORS, RECRUITS, INDEPENDENT CONTRACTORS, CONSULTANTS, STUDENTS, COURTESY APPOINTMENTS AND OTHER NON-EMPLOYEES

General

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 Travel and Expense Reporting department in the Controller's Office 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.)

Departments may also consider entering into an appropriate contract with the non-employee for payment of fees that includes the non-employees expenses rather than submitting a non-employee expense report for payment of expenses.

The university will reimburse or pay for the travel costs of students and non-employees (such as job applicants, graduate student pre-admission visits, seminar speakers, lecturers, consultants and other individuals) when it has agreed to do so, such as when one of the following circumstances exists:

- required by contract;
- part of an established educational program in which the costs are included in the educational program fee charged;
- participating in research or group educational activities at the University's request;
- participating in approved student events or activities;
- recruiting for the University; or
- approved by a department head, dean or designated departmental finance representative.

In cases where the payment may be considered a reimbursement of the student's personal expenses rather than a university business expenses, the reimbursement may be taxable to the student as a non-qualified scholarship. Questions regarding whether a payment may be considered a non-qualified scholarship should be directed to the Taxation Department.

For non-employee expenses funded by a sponsored grant or contract, the individual incurring the business expense should consult agency guidelines and/or the relevant contract to ensure that all agency or sponsor procedures and restrictions are followed. Any questions or interpretation of

Federal or sponsor restrictions should be directed to the designated departmental finance representative who may need to consult with the Sponsored Projects Accounting Office.

2. 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. Supervisors should consult with designated departmental finance representative for budget availability.

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.

3. 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 may be reimbursable if appropriate. 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, a vice-president, or the designated departmental finance representative.

4. 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.

5. MISCELLANEOUS TRAVEL COSTS

Other travel expenses may include, but are not limited to:

- business telephone calls using personal devices while traveling;
- hotel internet service fees;
- fees for passports and visas, if specifically obtained in order to perform work for or on behalf of the university;
- fees for currency exchanges;
- necessary laundry and dry cleaning charges after completing five consecutive days of business travel;
- expenses associated with baggage handling and storage, including excess baggage charges and tips; and
- phone calls home in a reasonable amount.

All such expenses must be itemized and documented in accordance with this Policy.

6. PERSONAL and COMPANION/SPOUSAL BUSINESS AND TRAVEL EXPENSES

a. General

The university will not direct pay or reimburse travelers for expenses that are inherently personal in nature. Please refer to the **General Overview** section of this Policy for examples of items that are personal in nature.

b. 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). Airline reservations for personal travel made using a university preferred travel agency should be charged to a personal credit card and not billed to a university account.

Using the university as a conduit for personal expenses may result in disciplinary action.

c. 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's dean, a vice-president, or the designated departmental finance representative. 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. Since these costs are always unallowable as direct or indirect costs for Federal reimbursement, these costs must be recorded using an appropriate unallowable object code or function. Likewise, if companion/spousal travel is coordinated with a preferred travel agency and to be paid for by the university, written approval must be obtained by one of the persons outlined above, and must be submitted with the travel request.

Amounts paid by the university for companion/spousal travel and/or business expenses must be included in the employee's W-2 as taxable wages unless the companion/spouse's attendance at the event meets the above requirements. Departments should consult the Taxation Department prior to making commitments to reimburse for companion/spousal travel and/or business expenses as the reimbursement may be taxable to the employee.

G. RELOCATION OF NEW EMPLOYEES

1. GENERAL REQUIREMENTS

University departments may, in hiring new employees, agree to pay a portion of the cost of relocating the new employees and their families.

2. WHAT WILL BE REPORTED ON THE NEW EMPLOYEE'S W-2 FOR TAX PURPOSES?

Certain types of moving expenses paid or reimbursed by the university must be treated as additional compensation to the employee, subject to both income and employment tax withholding. Generally, if the expenses paid by the university qualify as deductible moving expenses by the employee and are supported by original receipts or other appropriate documentation, the payments are not required to be reported on the employee's W-2 for United States Federal income tax purposes.

A department may elect to cover all or a portion of taxable expenses of relocating a new employee; but the new employee should be informed in advance of the move that the payment of these expenses may be subject to payroll and tax reporting withholding.

International relocation expenses are handled per the university allowance guidelines. Please contact International Human Resources for additional information.

III. PAYMENT OF BUSINESS EXPENSES

A. TRAVEL ADVANCES

1. 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.

2. 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 and appropriate. Requests for travel advances are submitted on the Travel Expense Advance Request form. Designated departmental finance representatives may implement additional processes or limit travel advances.

Advances will not be granted to employees who have an uncleared prior travel advance unless the president, the provost, the department's dean, a vice-president, or the designated departmental finance representative certifies that extenuating circumstances warrant the second advance.

The Controller's Office may revoke the right to obtain travel advances when necessary to avoid perceived abuse.

3. 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 Travel and Expense Reporting department 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 Travel and Expense Reporting department in the Controller's office at the same time the expense report is submitted.

4. UNCLEARED TRAVEL ADVANCES (INCLUDING PAYROLL REPORTING)

The Travel and Expense Reporting department in the Controller's Office monitors uncleared 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 uncleared outstanding travel advances except in the case of extenuating circumstances as described above.

B. EXPENSE DOCUMENTATION

1. GENERAL

The primary responsibility for expense documentation rests with the individual requesting reimbursement or incurring the business or travel expenses and the departments and supervisors who are authorizing and approving these business and travel expenses.

Because university business and travel expenses are subject to audit by government agencies, internal and external auditors and other sponsors, thorough documentation and accounting for expenses is required.

2. REQUIRED DOCUMENTATION AND RECEIPTS

All individuals requesting reimbursement or incurring business and travel expenses are required to scan and attach original receipts to substantiate their business expenses (except in the case of per diem reimbursements – see **Travel Per Diem Options – For Employees Only**). As with any University payment, original documentation is necessary to verify expenditures and eliminate the possibility of duplicate payments. All single expenditures of \$75 and greater need to be accompanied by original receipts. If, in rare cases, original receipts are not available, a Missing Receipt Form must be completed.

It is not appropriate to round-off amounts or to estimate expenses. In cases where receipts are not required to be submitted, e.g., highway tolls, tips, or an expense in an amount less than \$75, etc., individuals must still report the actual amounts of the charges and itemize these expenses.

Detailed receipts that support credit card charges are considered to be original receipts and must be submitted. Photocopies of credit card charge slips or credit card statements are not sufficient documentation. Tear-off stubs for meals should be accompanied by a cash register receipt. If no other form of receipt can be obtained, the original credit card statement will be accepted. In the

case of airfare not charged directly to a departmental account through a university preferred travel agency, travelers must provide proof of payment. Travel itineraries do not constitute receipts for reimbursement purposes.

Meal and restaurant receipts should include the name and location of the restaurant, the number of people served and the date and amount of the expense. If alcohol is included in the receipt total, it must be identified and recorded separately from the rest of the meal. This must be done since alcohol is not an allowable direct or indirect expense on Federally sponsored projects.

Departments must maintain original documentation (including receipts) in accordance with the University's Policy for Financial Records Retention. Original documentation is required to comply with Federal regulations.

Itemizing Expenses

Expenses should be allocated to the proper Oracle account number(s) based upon object code/expense type. In addition to segregating unallowable items and omitting non-business expenses, charges on itemized hotel or other bills such as meals, telephone, parking, internet fees, etc. should be broken out and reported separately. Authorized persons approving business or travel expenses are primarily responsible for enforcing this Policy and, in so doing, must be satisfied that the expenses are appropriate, reasonable, and sufficiently described and documented in a manner consistent with this Policy.

Approval Authority

Each department has a defined expense approval hierarchy in the Oracle Financial System. This requires that the approver of a business expense must be the individual's supervisor or someone at a higher level than the supervisor.

No individual is authorized to approve his or her own, a peer's or a supervisor's business or travel expenses. In assigning approvers for expense transactions, bear in mind that an individual must have signing limits/access to the organizations where expense transactions will be charged.

This restriction is imperative due to the nature of business and travel expenses and the authority that must be exercised by supervisors in approving or disallowing expenses in accordance with the Policy.

Proof of Payment

When requesting reimbursement for travel or business expenses paid via personal check, a copy of the front and back of the check or scanned image may be required to substantiate the expense.