

TRAVEL POLICY TEMPLATE

TRAVEL POLICY DEVELOPMENT.....	2
OVERVIEW OF THE WRITTEN TRAVEL POLICY.....	2
TRAVEL TO AND FROM THE AIRPORT.....	3
AIRLINE TRAVEL.....	3
EXPENSES CONNECTED WITH AIR TRAVEL.....	5
LODGING.....	5
CAR RENTAL.....	7
ACCIDENTS WHILE DRIVING RENTAL CARS.....	8
BUSINESS MEALS.....	8
REIMBURSABLE EXPENSES.....	11
INCIDENTALS.....	12
COMBINED BUSINESS AND PERSONAL TRIPS.....	13
DURATION OF TRIP.....	13
CASH ADVANCES.....	14
NON-REIMBURSABLE EXPENSES.....	14
REPORTING EXPENSES.....	15

Travel Policy Development

The material in this section is a compilation of different kinds of Travel and Expense (T&E) Policy statements on airline travel, lodging, car rental, business meals, and reimbursement expenses. You will have at least three different policy statements covering every aspect of travel from which to choose.

By choosing the appropriate statement from each section, as in ordering off a menu, you will have a complete written T&E Policy to suit your individual needs. The most successful written travel policy leaves nothing to the imagination and spells out in detail the exact requirements for employee travel.

Use these statements as guidelines in formulating your own corporate travel policy. While reading through each statement, remember that each is not mutually exclusive and really should be combined in order to develop the correct policy for your company. Please feel free to contact us at Perkins Travel at anytime.

We will instruct all our agents that your policy must be followed unless countermanded on an individual basis by management.

Keep in mind that employees have favorite airlines, frequent flyer memberships, and other preferences that are counter to "lowest cost" T&E policies. It must be understood that in following company policy some employees will be irritated at Perkins Travel.

Therefore, Company support of Perkins Travel is a necessity for a successful program.

Overview of the Written Travel Policy

Sample A

The following is the Reimbursement Policy for ABC Company for expenses incurred during required travel. This policy statement supersedes all previous regulations governing travel reimbursement and conforms to the requirements of government agencies.

It is intended that this policy cover all aspects of reimbursement of costs incurred during trips on Company business. As with any statement of procedures, exceptions are expected; however, request for such exceptions must be made in a full written explanation and are subject to review. Such an explanation may be made on the completed trip expense report or by attachment thereto. Authorization for exceptional expenditures may be granted in advance by contacting the (company official). Written authorization will be attached to the completed trip expense report.

In order to maximize ABC Company's travel buying power, ALL air and hotel reservations must be made through Perkins Travel.

Sample B

Purpose

The purpose of this policy is to set policy and define responsibility for travel and entertainment expenses that the Company will reimburse to employees.

Scope

This policy applies to all employees of ABC Company and its subsidiaries ("the "company").

Policy

It is company policy to reimburse employees for certain expenses incurred by the employee in the pursuit of company business. The intent of this reimbursement is to cover those expenses incurred by the employee over the normal expenses the employee would incur.

All expenses must be ordinary, reasonable, necessary, and have a valid business purpose.

This policy covers items normally encountered as business or travel expense. The company expects its employees to use good judgment. The company recognizes there will be times when you must exceed "normal" expenses. Such occasions should be the exception and not the rule and should be adequately explained on the expense report. The employee should always keep track of his/her exact expenditures.

The IRS tax code includes certain guidelines on legitimate travel expenses that are allowable for tax reporting purposes. These guidelines serve as basic policy guidelines for the Company's reimbursement of travel and entertainment expenses. Complete explanations and documentation must be present on expense reports to meet IRS specifications for qualified business deductions. Receipts should be obtained whenever possible. Receipts for individual expenditures of \$. or more are required.

In order to maximize ABC Company's travel buying power, ALL air and hotel reservations must be made through Perkins Travel.

Travel To and From the Airport

It is expected that each employee use the best means of traveling to and from the airport, taking into consideration cost, time and transportation availability.

Public Transportation

The cost of necessary public transportation is reimbursable and does not require a receipt. Since this is usually the least expensive, it is to be considered first. It is understood that this method of transportation is the most time consuming and sometimes the least available.

Taxi

A taxi may be used to and from the airport. Cost must be considered when choosing this method of travel. Where this cost exceeds the cost of a rental car and such rental car is available, then the rental car should be selected. All taxi charges in excess of \$. must be presented with a receipt.

Rental Car

The rental car should be selected when the mileage is prohibitive and will increase the cost of a taxi beyond that of a rental car. Since rental cars are charged by the day and sometimes also by the mile, the car may be rented the night before or

returned the morning after the completion of the trip if it does not exceed the term of the rental. A receipt must accompany all requests for reimbursement.

Private Auto

Private auto may be used in all cases. Payment for this type of transportation will be made at \$. per mile plus parking charges and tolls (receipts required).

Limousine / Town Car

Under special circumstances, employees and/or officers will be granted the permission to travel in a luxury limousine or town car. Approval for such transportation must be in writing directly from the Department Head.

Airline Travel

Sample Policy A

Employees of ABC Company are advised to use special economy, coach, or comparably priced fare types for domestic travel. Business Class may be used for Trans-Continental and overseas flights.

In those special instances where circumstances necessitate First-Class travel, approval must be secured from the (indicate company official). Attach approval to the appropriate expense report.

Officers and key managers in salary grades X and above will be eligible to travel First Class when traveling on company business, but Group Presidents and other corporate officers may adopt more restrictive eligibility requirements within their organization.

Due to safety factors, restrictions on corporate officers traveling together on any one commercial or company aircraft are as follows:

- No more than three corporate officers;
- Only one member of the Executive Office;
- Only one corporate officer from the same operating or staff unit.

Operating and staff units are encouraged to establish similar restrictions within their respective units.

The Company's travel agent (Perkins Travel) provides insurance coverage for employees for accidental injury or death while traveling on company business. Any purchase of business travel insurance is personal expense.

Sample Policy B

Employees are encouraged to travel Coach (Y) or on special restricted fares, when available if the in-flight time does not exceed three hours.

First/Business Class travel, when authorized by the responsible corporate officer, is permissible for flights exceeding in-flight time of three hours. The choice between First/Business Class and Coach should be made with due consideration of the difference in costs, availability of space in the Coach section, and work to be performed en route. An employee traveling on a fare other than the Coach (Y) fare shall not receive credit for the difference between the cost of such travel and the Coach fare. This also applies to employees choosing to travel Coach when First/Business Class is permitted.

Under special circumstances with approval of the responsible corporate officer, it is satisfactory for large people to fly First Class if they are too uncomfortable flying Coach. Dues and/or initiation fees for airline clubs are not reimbursable by the Company.

Sample Policy C

- 1) Advantage should always be taken of the various special low fares offered whenever possible. To obtain the lowest possible prices, the following will be enforced:
 - a) Reservations must be made a minimum of 7 days in advance of travel date

- b) Saturday night stays will be used when the fare saves at least \$. . .
 - c) Non-refundable tickets should always be used.
 - d) Alternate airports/airlines will be used if the difference is greater than \$. . .
 - e) Try to schedule all travel on Tuesday through Thursday.
- 2) First and/or Business Class is optional for Vice-Presidents and above; it is optional for other employees traveling with a Vice-President or with a client who travels in said Class. With a Vice-President's approval, First/Business Class may also be used when no other reasonable method is available.
 - 3) First/Business Class may be considered an option, if traveling outside the contiguous United States and Canada, and if the flight is more than four hours.
 - 4) No more than three corporate officers, Vice-President or above, or more than 15 employees may travel together in the same aircraft. If it is necessary that they do so, exception approval must be granted by the Controller so that consideration may be given to securing additional insurance coverage.
 - 5) Employees may not pilot a private plane while on Company business.
 - 6) Employees may not fly on a corporate or private aircraft unless: a) the aircraft carries an FAA Standard Category Airworthiness Certificate, and the pilot is certified; b) evidence of no less than \$. . . of Aircraft Liability (including Passenger Liability) insurance on the aircraft is produced.
 - 7) Penalty charges for lost tickets range from \$. . . on up depending on the carrier. This fee will be charged to your cost center.
 - 8) Unused tickets must be returned to Accounting for refunds, not directly to Perkins Travel.

Sample Policy D

Airfares should always be the lowest discounted or economy fare available via U.S. carrier. Generally, you should select carriers with connections rather than flying direct routes to get cheaper fares. You should always base the selection of an airline on getting the lowest fare available and never solely on your participation in an airline's frequent flyer program.

Do not purchase full coach, fully refundable fares unless all other discount fares are sold out or unless your travel plans will change more than twice before travel commences. Generally, discount fares are non-refundable but are changeable for a fee ranging from \$. . . on up based upon the rules of the carrier. Once changed more than twice the discount fare is no longer an attractive option. The Company expects you to carefully consider, in light of your travel plans, the cost of a refundable and changeable ticket as opposed to the cost of a lower priced yet non-refundable ticket.

When visiting offices in resort areas (such as Honolulu and Las Vegas), the employee should use tour operators that offer air/hotel packages.

Receipts for all air travel should be attached to the expense report. The only acceptable receipts will be the back stub from the ticket package or, for packages arranged through tour groups, photocopies of ticket vouchers and agency invoices. For normal airfare (i.e. other than tour packages), travel agency invoices are not acceptable support. You must attach a copy of the ticket stub as evidence of the trip and the amount paid.

Expenses Connected with Air Travel

Expenses incurred while in flight for such things as wine, liquor or earphones are not reimbursable and are to be absorbed as part of the per diem allowance.

Routine airport check-in tips are allowed at \$. . . per bag. Other expenditures for the use of porter services is not reimbursable except if there is:

- 1) An excessive amount of material for the business purpose of the trip, or
- 2) Excessive baggage due to an extended trip.

These charges are to be listed separately under "other" on the expense report and explained.

The purchase of insurance to provide life and accident coverage while in travel status is unnecessary as each traveler is covered by company-provided insurance. A copy of your coverage will be provided upon request from the Controller's office. The purchase of any additional insurance by a traveler is not reimbursable.

You are also insured for the loss of personal effects (to a maximum of \$.) during your travel. "Personal effects" include such items as clothing and luggage, but does not include cash.

Lodging

Sample Policy A

The Employee is expected to secure information regarding hotel and other accommodations including Company facilities in the destination city or cities.

The Employee should make use of any commercial or special rate arrangements the Company has with certain hotels or hotel chains or any Company controlled or supplied accommodations.

- 1) **Hotel/Motel:** Single room is standard policy. Receipt required.
- 2) **Private Home (overnight guest):** A gift for host may be purchased at the end of the stay for a cost up to a maximum of an equivalent of the normal charge for one night's lodging regardless of length of stay. Receipt required.

Sample Policy B

Employees are reimbursed for the cost of single-room accommodations typically occupied by business travelers. Suites and other higher priced accommodations are to be used when essential to the direct conduct of business.

Sample Policy C

Hotel/Motel reimbursement will be made on an actual basis for reasonable accommodations to employees who are away from their home location. Hotel or motel receipts must be attached to the expense report.

The minimum corporate rates for single rooms should be requested at all hotels and motels. For extended residence, the employee should attempt to obtain accommodations on a weekly or monthly basis at reduced rates.

Sample Policy D

Hotels selected should be those that are well established, reasonable in price, and conveniently located in relation to the traveler's work.

Our Company receives preferential treatment from certain hotels and these should be used as often as possible, and in preference to personal choice when such a conflict arises.

Normally, rooms should be at single rates and at a price no higher than mid-range of the hotel's published rates. Luxury hotels should be avoided. Suite accommodations for special reasons should be used only with the advance approval of the Department Head.

When a new reservation or change is required, while the employee is on a trip, the employee should make the new reservations in accordance with these guidelines.

Room rate should be verified upon checking in. Upon checking out, a receipt should be obtained and verified, regardless of the amount of the bill.

When accompanied by your spouse, be sure to determine the single room rate plus tax and note the rate on hotel receipt for purposes of reimbursement.

A note of explanation should accompany any bill where the rate exceeds the mid-range of the hotel's published rates on the expense report.

When lodging is provided without charge by another company, an employee, a business acquaintance, a friend or relative, it may be appropriate to furnish the host a small token of appreciation. In reporting the expense, an explanation should be given on the travel expense report that the expense is in lieu of a lodging charge. A receipt of purchase for the gift is mandatory as an unusual item of expense. Generally, up to \$. of value per night, with a maximum of \$. in total, is a reasonable token of appreciation.

In reporting hotel costs, include just the rate of the room and any applicable taxes. Where room charge is on the American, or Modified American Plan, it will be necessary to note which Plan applies and to include the full daily charge for room, meals and gratuity since there is no separation of these charges. Other items on the hotel/motel bill should be segregated and accounted for in the appropriate places on the travel expense report.

Early or prepaid room costs should be noted in the non-cash section of the travel expense report.

Car Rental

Sample Policy A

Employees are to rent compact or intermediate size vehicles on business trips when economy, convenience and the specific situation require their use instead of taxis, limousines, buses, and other forms of transportation.

The rental rates that are charged by the larger national car rental agencies may include the cost of insurance for bodily injury and property damage to third parties and deductible coverage for collision damage to the rented auto. Insurance to cover the deductible portion of collision damage and personal accident coverage should not be purchased as this Company self-insures for these liabilities.

Sample Policy B

Because a rental car is generally the most expensive mode of transportation it should be used only when other suitable and less expensive means are not practical or available. Rental vehicles are not to be used unless the cost is less than that of other available transportation such as taxi or airport limousine. If car rental is necessary, to reduce cost, employees should share rental cars, use compacts, and utilize discounts. Do not take collision insurance or personal injury insurance options.

Sample Policy C

Car Rental: Hertz, Budget, National, and Avis Car Rental Companies (for example) are the only firms that have been approved for use by employees traveling on Company business.

Car rental credit cards should be used to take advantage of the maximum discount.

ABC Company does not carry any personal accident insurance and therefore recommends all employees accept collision and damage liability insurance when offered at the reservation counter of the applicable Car Company.

Sample Policy D

The cost of rental cars is allowed only if the nature of the trip or the location of the places of business to be visited is such that use of local transportation is not practical or would be more expensive. Advantage should be taken of any discount applicable to published time and mileage rates available to Company personnel using auto rental services on Company business. The employee should rent intermediate or smaller sized automobiles only.

The cost of insurance in connection with the use of rental cars is not reimbursable. The Company carries its own insurance.

All holders of Hertz, Avis, and National credit cards (for example) will use such cards for business purposes only. Cars should be rented from Hertz, Avis, and National where their service and rates are competitive.

Sample Policy E

Cars should be rented from X Car Rental Company if their service and rates are competitive. Use of other car rental agencies is permitted if service is comparable and less expensive. Only standard or compact cars may be rented. Efforts should be made to secure alternate lower cost transportation, such as airport limousine, car or bus, on trips from airports to plans or downtown locations.

When several employees are visiting the same location and car rental is the lowest cost method, only one car may be rented for each five persons making the trip. Rented cars should not be parked for long periods, but should be turned in and re-rented when needed later. Do not accept collision or accident insurance.

Sample Policy F

For one person, a car rental is a very expensive mode of transportation. Other alternative forms of transportation should be carefully considered. As the number of persons sharing the ride increases, a rental car does become a more economical means of travel.

Thus one person traveling alone should consider carefully other modes of transportation before deciding to rent a car. Other means of inter-city transportation are often available and may be preferable.

When car rental becomes a necessity, take advantage of the corporate discount provided by the major car rental firms with which this Company has arrangements (currently Hertz, Avis, and National). Special rates of other car rental companies should also be considered when they are competitive. A medium-sized or compact car should be used, particularly when traveling alone.

Some car rental agreements provide that the customer will be responsible for the first \$ or for the entire amount of collision damage to the rented car. This provision can be waived by accepting the "Collision Damage Waiver" for a stated daily charge. Since this Company self-insures this deductible, the rental agreement should be marked to decline the Collision Damage Waiver. In addition, because this Company provides accident insurance for traveling employees, we will not reimburse the traveler for personal accident insurance also available on the rental agreement form.

Always include the car rental receipt when submitting the reimbursement request. There should be an explanation (specific uses) as to why a car rental was necessary.

Sample Policy G

In those cases where a car rental is absolutely necessary, you should always make the reservations with the car rental agency offering the lowest rate for the location you are visiting no matter whether or not the agency is located in the airport terminal.

Our company does not carry a blanket collision damage waiver policy nor are you or we covered with liability insurance. You should purchase this insurance each time you rent a car.

Accidents While Driving Rental Cars

If you are involved in an accident with a rental car, fill out all forms required by the agency. (If you are involved in an accident with your privately owned vehicle, the cost involved for the repair or any claims are the responsibility of the traveler.) The Company maintains travel insurance and Major Medical coverage for all employees of the Company. The employee's or the auto agency's insurance will protect the traveler in case of accidents.

All accidents must be reported to the CFO immediately upon the return of the traveler. The Company is co-liable with the traveler in case of third party claims. It is therefore necessary for the Company to report all accidents involving employees of the Company traveling on company business to its insurance carriers. A copy of the employee's report to the auto rental agency or to the traveler's insurance company and the police accident report is sufficient for the Company's purposes. The Controller will provide any additional forms necessary.

Business Meals

Sample Policy A

Meals while Traveling

Employee meals en route and at the destination location as well as meals for exempt employees working on Saturday, Sunday, or holidays will be paid as a flat allowance.

- 1) **Extended Trip:** Standard per diem allowance applies when meals are not provided in price of transportation. Outside the U.S. (contiguous 48 states) and Canada, reimbursement will be on an actual incurred cost basis:

Breakfast - \$. including tip
Lunch - Personal responsibility of employee
Dinner - \$. including tip

- 2) **One-Day Trip:** No meal expenses will be reimbursed for businesses trips unless an overnight stay away from home is required. The per diem allowance is not intended for those employees whose position regularly requires daily travel within a specified territory. Lunch is personal responsibility of employee whether at base location or on a trip.

- 3) **Weekends:** Should an employee remain away from home on business over a weekend, standard per diem will be allowed with the addition of a \$. allowance for lunch. Expenses of staying away over a weekend should not exceed the cost of returning home for the weekend.

- 4) **Supper Money:** Standard allowance applies for working two hours more than normal weekday hours and business meal is not provided. Supper money is \$. . Standard allowance applies when working on Saturday, Sunday, or holidays and is comprised of a travel allowance, a lunch allowance, and a dinner allowance. Travel allowance = \$. , lunch allowance = \$. . These apply if working seven hours or more and a business meal is not provided.

Sample Policy B

Customers or Other Outside Business Associates

Business meals provided for customers or other outside business associates for the purpose of a business discussion or the promotion of goodwill which are furnished in an atmosphere conducive to a business discussion such as in a restaurant, hotel dining room or similar place not having a floor show or other entertainment are generally considered to be directly related to the active conduct of business and therefore reimbursable. Business lunches or dinners which are part of a business program or which are officially sponsored by business or professional associations are also considered directly related to the active conduct of business and accordingly are reimbursable.

Company Employees Only

Business meals involving Company employees only are not reimbursable by the Company except in unusual circumstances. Such circumstances would include special situations wherein a time limitation factor and/or the nature and sensitivity of the matters to be discussed were such that a luncheon or dinner meeting was clearly in the best interest of the Company. Such business luncheons or dinners should, if possible, take place on the Company premises or if that is not practical, should take place at a club or restaurant the atmosphere of which is conducive to a business discussion.

Non-Reimbursable Expenses

The Company will not reimburse employees for any personal expenses, which include, but are not limited to, entertainment, or meal expenses not directly related to or associated with the active conduct of the Company's business. Nor will the Company reimburse business entertainment or meals expenses that are lavish or extravagant.

Sample Policy C

Business Meals

Situations often arise where prudent judgment and customary business practice indicates the furtherance of the Company's business will be best accomplished by incurring the expense involved as host of a business meal. The Internal Revenue Service regulations set forth the following qualifications: It must be a quiet business meal in a restaurant, hotel dining room, eating club, or similar place where the surroundings and atmosphere are conducive to and at which a bonafide discussion

actually takes place.

The meal should be paid for and reported by the most senior employee in attendance from the organizational hierarchy hosting the event.

When possible, the Club at the Home Office should be utilized.

It is Company policy that employees should refrain from drinking alcohol during the normal workday. However, it is appropriate to offer and partake of an alcoholic beverage with a business guest when the situation warrants.

A receipt is required for all expenditures over \$. and should be obtained when possible below \$. .

Sample Policy D

General

A traveler should always take advantage of meals included in the price of a business seminar, conference, etc., or in the price of transportation, and so indicate on the travel expense report.

If the traveler is a houseguest for dinner (i.e., no lodging involved) this fact should be indicated on the travel expense report. A small token of appreciation (i.e., wine, flowers, candy, etc.) will be reimbursed up to \$. if accompanied by a receipt.

If the hotel bill is on the American Plan (all meals) or Modified American Plan (2 meals: breakfast and dinner), a notation to this effect should be indicated on the travel expense report.

It is anticipated that dinner costs may include the price of one alcoholic beverage. More than one such beverage before, with, or after dinner or any such beverage at lunch is considered to be strictly personal preference and is, thus, a personal expense.

When dinner is provided during air travel, one drink on the plane is reimbursable. In the absence of dinner, all beverage costs on planes are to be borne as personal expenses.

Coffee breaks or snacks are usually considered a personal expense and are not reimbursable.

If there are waits in airports of two hours or more, a beverage or light snack between meals is reimbursable and should appear in the miscellaneous section of the travel expense report along with an explanation.

Costs

Reasonable costs of meals are reimbursable. Depending upon the circumstances of a particular trip, the costs of one, two, or three meals per day may be appropriate.

In all situations where the traveler views any meal costs to be somewhat high, that traveler should furnish an explanation of these costs on the travel expense record in order to complete the required documentation.

Since the policy of the Company is to reimburse for reasonable meal costs rather than to provide a meal allowance, the reported meal costs should be those that were reasonably incurred.

Experience has shown that meal costs vary tremendously from city to city, as well as from location to location within the same city. As a result, specific guidelines as to cost are often of little relevance. In order to provide travelers with some insight as to the level of meal costs that are currently being incurred, there will continue to be a report made up and distributed, at least four times a year. This will tabulate meal costs of individuals and departments with reference to Company average costs. In addition, the meal costs for different cities shown in the meal Cost Index will be used as a relative comparison for determining when explanations should be given for costs that appear to be unusually high. Whenever the meal costs in an expense report appear high to the traveler, an explanation of the reasons for that level of cost should always be provided.

Meal costs for meals that have been included in the cost of transportation are not reimbursable.

Sample Policy E

Business Meal Allowances

(Note: Following are two policies most frequently used for meal allowances. They are not mutually exclusive and can be combined.)

- 1) **Per Diem Allowance:** A specific daily amount, which varies by city and is updated by internal memo as frequently as necessary. No documentation is needed to substantiate the expense - which simplifies record keeping and places a firm ceiling on the expense.
- 2) **Actual Expense:** Employees are requested to be reasonable and submit receipts for all meal expenses incurred.

Sample Policy F

The per diem rate of \$. is provided to cover the cost of all meals, tips and incidental expenses, including items not covered under other sections of this statement. The allowance is broken down as follows:

Breakfast-	\$.	Trips starting before or ending after 9:00 am
Lunch-	\$.	Trips starting before or ending after 12:00 noon
Dinner-	\$.	Trips starting before or ending after 6:00 PM

The time determination is based upon the departure time from the office or home and ending at the office or home as the case may be. If a meal is provided free of charge to the traveler, the cost of that meal (\$.) should be eliminated from the per diem allowance except to the extent of trips and incidental expenses. It may not be carried over to any other meal or expended on any other item. Likewise, adding the money to other meals may not make up for a skipped meal. For example, if lunch is skipped, you may not add it to the dinner meal, increasing the amount to \$. . It is necessary to list on your travel report, breakfast, lunch and dinner in the amount allowed per meal. It is not necessary to support any part of the \$. daily allowance with receipts.

It is understood that certain locations are extremely expensive and would cause undue hardship on the traveler to secure meals and pay for incidentals at this per diem allowance. The traveler may be allowed, in this special case, to disregard the per diem allowance and submit for reimbursement, actual expenditures or to negotiate a higher per diem rate in advance of the trip, with the Controller. If the traveler has selected this option, receipts must support the actual cost of these meals; and these expenditures will be reviewed as to reasonableness and necessity. A statement is necessary describing the circumstances that forced this situation.

Reimbursable Expenses

Sample Policy A

Business Entertainment

Entertainment expenses incurred with respect to customers or other outside business associates are normally reimbursable provided such expenses are directly related to the active conduct of Company business.

Business entertainment expenses include, but are not limited to such items as the cost of tickets for concerts, theaters and sporting events. This also includes the cost of meals and beverages furnished in a nightclub, hotel dining room or restaurant which may also provide a floorshow or other entertainment and the cost of transportation directly related to the above.

Since the presumption is made by the IRS that activities such as described above are not normally conducive to a business discussion and so are not normally considered to be directly related to the active conduct of Company business, it is generally necessary for such expenses to be reimbursable to demonstrate that such expenses are associated with the active conduct of the Company's business, i.e., such entertainment must have either directly preceded or followed a substantial and bonafide business discussion. A brief notation of the subject of the discussion must be included on the expense report.

Sample Policy B

Entertainment

General

All entertainment expense is intended to have a business purpose and there are also strict IRS requirements regarding this activity. Quoting IRS regulations, "The entertainment must directly precede or follow substantial and bonafide business discussion for the purpose of obtaining income or other specific trade or business benefit."

The Company must be prepared to document this requirement when reporting entertainment expense:

- 1) Date and place of entertainment
- 2) Name and affiliation of business guest(s)
- 3) Nature of business discussion
- 4) Receipts for entertainment expenses exceeding \$.

Entertainment Expense Levels

Entertainment of only Home Office personnel by Home Office personnel is not reimbursable. Entertainment of non-Home Office personnel by Home Office personnel is limited to:

- 1) Meals (including tax and tip), which should not be excessive in cost. When entertaining others, a traveler often has less control over the aggregate costs than when he or she is dining alone. The lack of flexibility is recognized in the determination of the reasonableness of the meal charges. However, in all situations where the costs appear to be questionably high to the traveler, he/she should furnish an explanation on the travel expense record including all receipts and required documentation.
- 2) Beverages only, which should not exceed \$. per person, including host or hostess, per occasion. This expense is reimbursable only if there is no meal expense.
- 3) Other entertainment, such as golf, tennis, etc. The prior approval of the Department Head should be obtained before such charges are incurred. In addition, the expense report should indicate that the Department Head's approval has been obtained.

Sample Policy C

Business Meals and Entertainment

Acceptable business practices include the necessity for certain personnel to host commercial contacts under conditions conducive to business discussion. Such occasions should not be lavish, extravagant or unreasonable, and they must serve a definite business purpose. Purchase of alcohol for purely personal reasons will be considered like the purchase of tobacco - a personal expense - and a possible deterrent to the success of the travel mission.

Under no circumstances should one employee entertain another employee at company expense.

- 1) Documentation should include the following:
- 2) Date, name, and location of restaurant
- 3) Cost, including tip and taxes
- 4) Names, titles, and business affiliations of those entertained
- 5) Business reasons
- 6) Authorization of manager or supervisor

Incidentals

In certain circumstances, incidental expenses may be listed for reimbursement. However, they must fall within the criteria set forth in this paragraph or be specifically approved through submission of an explanation of the circumstances involved. The inclusion of the incidental charges is subject to review for reasonableness and necessity:

- 1) **Laundry:** Valet service or laundry service provided at the hotel is allowable for reimbursement if the trip exceeds four days or the nature of the work is such that the clothes are frequently or heavily soiled at an unexpected rate. It is also allowable if the trip is extended over the anticipated number of days.
- 2) **Purchase of Clothing:** A traveler may submit for reimbursement, a reasonable amount expended for additional articles of clothing if the trip is extended beyond the anticipated duration or if clothing carried by the employee has been ruined in the course of his work. All such expenditures will be carefully examined as to necessity.
- 3) **Tips:** Tips are reimbursable if services have been provided for the traveler in addition to those considered normal.

Such services include baggage handling (where excessive baggage is involved), and errand services for business connected purposes. Tips should not exceed 15% of the total charges.

4) **Room Cleaning:** Where an apartment is taken in lieu of hotel accommodations, the traveler may contract to have the apartment cleaned on a reasonable necessary basis. The trip must be longer than one week in order for the traveler to take advantage of the allowable cost.

5) **Telephone:** Telephone expenditures are fully reimbursable for business purposes and allowable for personal calls on a reasonable basis. If the cost of calls is unusually high, whether for business or for personal reasons, the traveler must explain the nature of the calls.

6) **Parking/Tolls:** The Company will reimburse the cost of parking fees you incur on company business. Acceptable parking charges include fees charged at hotels, offices you visit, and airport parking lots.

Combined Business and Personal Trips

If an employee, while traveling for business purposes, decided to take a vacation either before or after the business trip or brings along family members, the cost of the trip must be split appropriately between business and personal expenses. Only business expenses will be reimbursed.

Hotel Accommodations

If the traveler extended the trip beyond the number of days required to complete the business purpose of the trip, those days are considered personal and will be charged to the traveler at the full rate of the room plus tax. If the traveler has family members along on the trip, the difference between single accommodations and multiple accommodations will be charged to the traveler including the proportionate tax. An example of this is as follows:

Single accommodations incl. tax	\$.
Double accommodations incl. tax	\$.
Personal expenditures - (per day)	\$.

Duration of Trip

Sample Policy A

Generally, business appointments should be planned to enable the traveler to remain at or in the vicinity of the trip destination for the period of time required to conclude the business. In cases where trips to the same location or its vicinity are separated by a day or longer, the following rules apply:

- 1) **Within 500 miles of home office** the employee should return to the home office at the completion of the day's business and be available to report to work on the following day. These trips may not be extended over a weekend at the Company's expense.
- 2) **In excess of 500 miles** if flight connections are not appropriate to permit the employee to work at the home office the next day, then in the case of one or two working day interruptions between meetings the employee should stay at the trip site while having sufficient work planned for those days. Alternatively, the traveler may take those days as vacation. For interruptions more than two working days the employee should return to the home office as early as possible to maximize available work time.
- 3) **Over 500 miles, but less than 2000 miles** that are interrupted by a weekend may, at the employee's election, be extended over the weekend.
- 4) **Extending over 2000 miles** that are interrupted by a weekend must be continued over the weekend, at the Company's expense.

The Company will pay the usual costs including hotel, per diem, and local transportation for the period during which an employee remains at the travel site between meetings, if the time span is within the period specified above. Extenuating circumstances which require either the extension or diminution of the period specified should be discussed with the Controller and written approval should be received in advance.

Under normal circumstances, trips within the continental U.S., one person of the employee's choice may interrupt extending beyond two consecutive weeks, as work permits, by one weekend round-trip home or a one round-trip visit. Only the expense of airfares and local transportation to and from the home destination will be paid except as described in #4 above. Trips outside the continental U.S. shall be interrupted for personal visits only in accordance with prior arrangements made with the Controller of the Company on an individual basis.

In the case of weekends or elected vacation days the employee is entitled to hotel, local transportation and per diem in accordance with the policy stated herein. The employee may leave the immediate locale, such as turning a California weekend into a Hawaiian weekend and still be entitled to per diem, local transportation and hotel charges, but not to exceed rates paid while at the trip site. The employee will not be entitled to any transportation cost to or from the vacation area.

Sample Policy B

The Company encourages you to have Saturday night stays and travel on weekends/holidays to get lower airfares. The Company will pay your normal and reasonable travel costs (lodging, meals, etc.) up to the cost if you had not gotten the lower airfare.

Cash Advances

All travelers may obtain cash advances through the Accounting Department by request at any time before the trip. If reservations or tickets are also requested, the cash advance request should be made at the same time.

The following is a schedule of suggested advances that may be requested from the Accounting Department. This schedule is based upon experience and does not anticipate unusual circumstances. The traveler may use discretion to request more or less than the amounts listed below depending upon the circumstances of the trip:

Same day (no hotel)	\$.
Overnight	\$.
Three days, two nights	\$.
Four days, three nights	\$.
Each additional day and night	\$.

Non-Reimbursable Expenses

The Company will not reimburse the following expenses:

- 1) Maid tips at lodging facilities
- 2) Credit or travel and entertainment card annual membership or card fees
- 3) Flowers, gifts, or cards for special recognition days (such as Secretary's day). The only exception is that flowers may be bought to express condolences to clients or employees when a sickness or death occurs, if approved by a Vice-President or equivalent
- 4) Excessive personal phone calls
- 5) Any items bought for personal use (including toiletries, personal care items, etc.)

Reporting Expenses

Sample Policy A

You must report all travel and entertainment expenses related to company business or meetings on the monthly expense report form.

The report should cover the period from the 16th of the prior month through the 15th of the current month, wherever practical. If the employee is traveling on the 15th, the report should cover the period through the end of the trip. You may submit reports early to avoid having a travel advance issued if reimbursable expenses due you exceed \$. .

You may only submit one report per month.

Employees must prepare and send expense reports to the employee's immediate supervisor no later than one week after the close of the reporting period.

Generally, the Company will not reimburse expense report claims submitted for payment more than 30 days late.

Sample Policy B

All expense reports need to be completed in full weekly as per written instructions on the back of each. Any expense report that is completed more than two weeks after the fact needs approval from a Department Head before it will be accepted.