

CLAREMONT McKENNA COLLEGE

POLICY FOR REIMBURSEMENT OF TRAVEL, ENTERTAINMENT AND OTHER BUSINESS EXPENSES

Policy Statement

Where allowable under IRS guidelines, Claremont McKenna College (the College) will reimburse an Employee for, or pay directly via College bankcard, actual college-related travel, entertainment or other business related expenditures that are necessary in the performance of his/her assigned responsibilities.

IRS Guidance

The Internal Revenue Service (IRS) requires that all of the following conditions be met to qualify for tax-free reimbursement of business expenses:

- Expenses must be reasonable and have a legitimate college-related business connection – that is, you must have paid or incurred *deductible* expenses while performing services as an Employee of the College.
- The Employee must adequately account to the College for expenses in a reasonable period of time.
- The Employee must return any excess reimbursement or allowance within a reasonable period of time.

Guiding Principles

- The IRS does not allow for tax-free reimbursement of lavish or extravagant expenses. Employees are expected to use prudent judgment and ensure all expenses submitted for reimbursement are reasonable based on the facts and circumstances.
- Employees should verify that sufficient budget funds are available in advance of any purchase by reviewing their accounts online via CUConnect (<http://www.cuc.claremont.edu/financialservices/cucconnect.asp>), or by contacting a Department Supervisor or the Treasurer's Office. Reimbursement requests in excess of budget funds available may not be reimbursed.
- The college-related business purpose of all expenses submitted for reimbursement must be thoroughly documented. Reimbursement requests submitted with insufficient documentation of the college-related business purpose will be returned to the Employee requesting reimbursement.
- Reimbursement requests should be submitted within **30 days** of when the expense was incurred or return from travel. Requests submitted beyond **30 days** may not be reimbursed. Due to IRS requirements, any expense reimbursement granted beyond **60 days** of when the expense was incurred or return from travel will be added to the Employee's taxable income and subject to applicable taxes/withholdings.
- Unless otherwise noted below, original actual receipts are required for reimbursements over \$75. Faxes, copies, or personal credit card statements are generally not appropriate forms of substantiation.

Authorization

Employee expense reimbursement requests should be approved by the appropriate department chair, director or other authorized supervisor. All expenses incurred by a department chair or director should be approved by the respective Vice President; expenses incurred by a Vice President (other than the Treasurer) or the President will be approved by the Treasurer's Office; and the expenses of the Treasurer will be approved by the Secretary of the College. Reimbursements to the President will be reviewed on a periodic basis by the Chairman of the Audit Committee. The supervisor approving a reimbursement request is responsible for ensuring budget funds are available and there is sufficient documentation of the college-related business purpose for all expenses submitted.

Reimbursable Expenses

Traveling Away from Home: According to the IRS, you are traveling away from home if your duties require you to be away from the general area of your tax home substantially longer than an ordinary day's work, **AND** you need to sleep or rest to meet the demands of your work while away from home. Certain categories, as identified below, require that Employees meet the IRS definition of *traveling* in order to be eligible for reimbursement. In General, the mode of transportation used should be the most economical one suitable for the purpose of the trip.

Airline: The College will reimburse coach/economy class airfare tickets. Business or first class tickets will generally not be reimbursed to the extent that the cost exceeds that of a coach/economy class ticket. An original invoice/travel itinerary is required for reimbursement. **Boarding passes for all segments of the trip are required as substantiation for travel purchased via an Employee's personal credit card. Air transportation purchases made via an Employee's personal credit card that are reimbursed prior to the date of travel will be recorded as a travel advance.** To clear the advance, Employees should submit a travel report with boarding passes for all segments of the trip within 30 days after return from travel. Any frequent flier miles, or other travel related incentives earned, accrue to the Employee.

Personal Automobile: The College will reimburse Employees for mileage when a personal vehicle is used on official college-related business that is properly authorized, reasonable and appropriately documented. This does not include mileage for an Employee's standard commute when traveling between their residence and the College. The College will reimburse Employees at the current rate approved by the IRS on the date of travel. In the event a private vehicle is used in lieu of commercial transportation (air, bus, rail), the lesser of the costs between a coach/economy class ticket combined with other related ground transportation and the mileage will be reimbursed. The College will not reimburse vehicle operating, maintenance or repair costs for personal vehicles. **Employees should ensure they are on the approved drivers list for the College prior to a trip by contacting the Human Resources Office.** An Employee's personal automobile liability insurance is the primary coverage when using a personal vehicle on college-related business. If the liability limits become exhausted following an accident occurring while on college-related business, the College's policy provides a second layer of coverage.

College-Owned Vehicles (including electric carts): These vehicles are subject to additional rules pertaining to use. Gasoline purchase receipts will be reimbursed, not mileage. **Employees must ensure they are on the approved drivers list for the College prior to operating a College-owned vehicle by contacting the Human Resources Office.**

Rental Vehicle: Employees may rent a vehicle when: driving is more convenient than airline or rail travel; driving is necessary to transport large or bulky materials; driving is more economical than public transportation modes due to multiple locations to visit in the destination city; or other surface transportation is not practical. **Employees should ensure they are on the approved drivers list for the College prior to renting a vehicle by contacting the Human Resources Office.**

Rental Vehicle Insurance Coverage: The College's automotive insurance policy provides primary liability coverage (or secondary coverage behind the rental car company in certain states) for pre-approved Employees. It is not necessary for pre-approved Employees to purchase additional liability insurance from the rental car company. Comprehensive and collision losses are not covered by the College's automotive insurance policy. The new Wells Fargo - WellsOne College bankcards scheduled for implementation in 2008 will provide primary comprehensive and collision coverage when the cards are used for renting a vehicle. The current Bank of America corporate credit cards do not provide primary comprehensive and collision coverage. Employees are encouraged to use a WellsOne College bankcard for rental vehicle purposes, when available. Employees not using a WellsOne College bankcard should purchase comprehensive and collision coverage from the rental car company when renting a vehicle. Employees not on the authorized driver list expose their personal liability insurance as primary insurance coverage.

Ground Transportation, Parking Fees & Toll Charges: Preferred choices for ground transportation are shuttle service, public limousine service, or other forms of public transportation. Travelers should use their best judgment in choosing ground transportation. Taxi fares require a receipt for reimbursement. Tolls and reasonable parking costs are reimbursable with a receipt.

Lodging: The College will reimburse lodging accommodations for Employees traveling on College business. Prudent judgment should be used when selecting lodging accommodations. The original copy of the detail hotel folio is required as substantiation for reimbursement.

Telephone: The College will reimburse reasonable expenses incurred for telephone, fax, and teleconference for business communications for Employees traveling on college-related business. Employees who receive a cell phone allowance are expected to use their personal cell phone to the extent possible. Personal calls home are reimbursable, though prudent judgment should be used when determining the number and length of the calls.

Personal Meals while Traveling: Personal meals are meal expenses incurred by an individual dining alone while **traveling** or by an Employee who has paid the bill for other Employees who are traveling with the individual on business. The College will either reimburse actual expenses or provide a per diem allowance for meal and incidental expenses for Employees traveling on college-related business based on the guidance below. Employees must choose one of the two approved methods for each trip and may not combine the two methods when requesting reimbursement.

Actual Expenses: The College will reimburse reasonable expenses incurred for meals when traveling on college-related business, however the total amount submitted for reimbursement each day normally should not exceed the federal per diem rates as established by the U.S. General Services Administration for meal and incidental (M&I) expenses (*see link below*). If two or more Employees dine together, the senior level Employee is responsible for paying the bill and seeking reimbursement. Both a detail statement displaying all items ordered and evidence of payment in the form of a credit card sales draft or cash register receipt should be submitted for reimbursement. **For reporting purposes, purchases of alcohol must be segregated from other food items and charged to object code 5230 (Entertainment).**

Per Diem Allowance: In lieu of submitting actual receipts for meal and incidental (M&I) expenses while traveling, Employees may request daily reimbursement at the approved federal per diem M&I rate established by the U.S. General Services Administration (GSA) for each day while traveling on college-related business. **The reimbursement allowed for the first and last day of travel is limited to 75% of the daily rate, as prescribed by the GSA. Employees are required to reduce their daily per diem reimbursement request for meals provided by another source (i.e. meals included at a conference, provided by another individual, etc.) by the component rate(s) listed below. Supervisor approval prior to travel is required for Employees to use the per diem method for M&I expense reimbursements.** No receipts are required when requesting reimbursement under the per diem allowance. Due to budgetary constraints, departments may choose to limit or disallow the use of the per diem allowance.

Approved Per Diem Rates: The M&I per diem rates differ by travel location. Please visit www.gsa.gov/perdiem to view the current M&I per diem rates by travel location. The following table provides a breakdown for the breakfast, lunch and dinner components of the maximum daily per diem rates for 2008. An updated table for subsequent years is available at www.gsa.gov/mie.

| M&I Rates for 2012 | \$46 | \$51 | \$56 | \$61 | \$66 | \$71 |
|--------------------|------|------|------|------|------|------|
| Breakfast | 7 | 8 | 9 | 10 | 11 | 12 |
| Lunch | 11 | 12 | 13 | 15 | 16 | 18 |
| Dinner | 23 | 26 | 29 | 31 | 34 | 36 |
| Incidentals | 5 | 5 | 5 | 5 | 5 | 5 |

Business Meals and Entertainment Expenses:

Business meals are meals taken during which a specific College business discussion takes place. When more than one College Employee is present during a meal, the senior level Employee is responsible for paying the bill and seeking reimbursement. Supporting documentation submitted for reimbursement must list all in attendance, their business affiliation, and summarize the college-related business discussed. Both a detail statement displaying all items ordered and evidence of payment in the form of a credit card sales draft or cash register receipt should be submitted for reimbursement. **For reporting purposes, purchases of alcohol must be segregated from other food items and charged to object code 5230 (Entertainment).**

Other College Expenses:

General College expenses, such as office supplies, should be paid for via College check or bankcard. Employees should not use a personal credit card for general College expenses, to the extent possible.

Non-Reimbursable Expenses

As noted above, expenses must be reasonable and have a legitimate college-related business connection – that is, you must have paid or incurred *deductible* expenses while performing services as an Employee of the College.

The following is a general list of non-reimbursable expenses; this list is not all-inclusive:

Travel:

- additional expenses of a spouse or person accompanying an Employee while traveling
- babysitting fees
- travel insurance
- airline class upgrades
- memberships, clubs, or organizations (e.g., vehicle, airline, fitness, discount retailers, etc.)
- kennel costs for pets
- lost or damaged personal items (e.g., cell phone, PDA, briefcase, calculator, computer, etc.)
- medical expenses (e.g., co-pays, prescription or over-the-counter medications, etc.)
- personal vehicle expenses (e.g., car washes, maintenance, fuel, etc.)
- traffic or parking violations
- sightseeing or other personal side trips
- personal care items (e.g., toiletries or haircuts/styling, etc.)
- personal entertainment (e.g., books, magazines, newspapers, hotel room movies, sporting events, etc.)
- mileage for travel between personal residence and the College
- laundry services on trips less than four consecutive business days
- expenses that have been, or will be, reimbursed to the Employee by another organization

Day-To-Day Expenses:

- personal vehicle expenses (e.g., car washes, maintenance, fuel, etc.)
- traffic or parking violations
- library fines
- lost or damaged personal items (e.g., cell phone, PDA, briefcase, calculator, computer, etc.)
- equipment purchases, except those preapproved by an authorized department

Entertainment and Alcohol:

- alcohol purchases for consumption by students
- meals for spouses and significant others, unless:
 - ❖ the event is explicitly intended and justified as a social event, or
 - ❖ the presence of a spouse or significant other is intended, and justified in the request for reimbursement, as serving a legitimate College business purpose (e.g., a spouse at a faculty recruitment dinner to inform the candidate and/or candidate's spouse about the community, housing, employment opportunities, etc.)

Gifts to Staff, Faculty and/or Students:

- any gifts for faculty or staff members or students, or a member of the family of a faculty or staff member or student, except by Human Resources or for the following:
 - ❖ **de minimis** incentives of not more than \$25 in cash value provided to students acting in the capacity as a **non-paid student volunteer** (i.e., CMC logo items, ticket for admission to a movie, gift certificates redeemable for items at a local store, etc.)
 - **substantiation for reimbursement of de minimis incentives must include full names of recipients and explanation of the college-related business purpose**
- expenses associated with birthdays, promotions, retirements, or other comparable occasions (except by Human Resources)

Travel Reports and Payment Requests

All Employees are required to submit a travel report for direct reimbursement for overnight business travel and to clear a travel advance. A travel report is not required for expenses charged directly to a College bankcard. A *request for check* must be prepared and attached to the supporting documentation for all other reimbursable expenses. The forms and instructions for both can be found at <http://www.cuc.claremont.edu/financialservices/resources.asp> . As noted above, reimbursement requests should be submitted within **30 days** of when the expense was incurred or return from travel. Requests submitted beyond **30 days** may not be reimbursed. Due to IRS requirements, any expense reimbursement granted beyond **60 days** of when the expense was incurred or return from travel will be added to the Employee's taxable income and subject to applicable taxes/withholdings.

Travel Advances

Employees are encouraged to use College bankcards to the extent possible when traveling on College related business. Employees may request a travel advance to cover the anticipated expenses of travel, up to 30 days prior to an approved trip. Advances should be cleared within 30 days of return by submitting a travel report and all unused funds must be returned to the College.

College Bankcards

The provisions of this policy are applicable to reimbursement of expenses made directly to an Employee or paid via College bankcard.

Approved by CMC Senior Staff – January 10, 2008