

Pacific Lutheran University
Business Office

Travel and Business Expense Policy

The following policy has been established to provide guidance on the use of the University's resources to pay (either through reimbursement, advance or P-Card charge) travel and entertainment expenses incurred by PLU employees while conducting University business. The purpose is to help the university effectively monitor and control costs, and to adequately comply with the accountable plan rules set forth by the Internal Revenue Service (IRS).

(For specific requirements imposed by the IRS for employee business expenses, see IRS Publ. 463, Travel, Entertainment, Gift and Car Expenses). Per this publication, "To be an accountable plan, an employer's reimbursement or (expense) allowance arrangement must include all of the following rules:

1. Your expenses must have a business connection – that is, you must have paid or incurred expenses while performing services as an employee of your employer.
2. You must adequately account to your employer for these expenses within a reasonable period of time.
3. You must return any excess reimbursement or allowance to your employer within a reasonable period of time."

Per the same publication, "a non-accountable plan is a reimbursement or expense allowance arrangement that does not meet one or more of the three rules listed" (above). Any amounts reimbursed or paid to you in the form of an advance, which have not met the three rules, will be included in your income in box 1 of your Form W-2. Therefore, PLU has elected to have its employees follow the accountable plan rules, and expects all employees to adhere to this policy.

Under PLU's accountable plan, reimbursable travel and entertainment expenses need to meet the following additional requirements:

- Travelers must submit to the Business Office an approved **Travel Expense Voucher** substantiating the amount, time, use and business purpose of expenses within 20 days after the expenses are incurred.
- Employees must also return to the Business Office any advance amounts in excess of substantiated expenses within 20 days after the completion of the trip.

GENERAL GUIDELINES

1. These guidelines are intended to provide employees, who are authorized to travel on behalf of the university, with adequate means of transportation, lodging, meals and other services necessary to conduct university business. The university intends that employees should travel in comfort when away from home on business. However, accommodations, meals, transportation and services used should be in keeping with those the individual would use if he/she were paying out-of-pocket. It is expected that those traveling on PLU business

will act as responsible stewards of university funds, and will avoid excessive or extravagant expenditures.

2. Before undertaking any travel for the university, staff and faculty must seek the approval of the appropriate authority within their reporting line. Should the approver require the completion of a **Pre-Travel Authorization Form**, it can be found on the Business Office's web page under Downloadable Forms. When completed properly, this form is helpful in determining the validity and feasibility of the intended travel. (The Business Office, however, does not require this form unless the employee is requesting advance payments.)
3. In the instance that the employee needs a travel advance, either in the form of cash or other prepayment, an approved **Pre-Travel Authorization Form** is required by the Business Office. Travel advances, aside from reimbursement of an employee's advance purchase of airfare for the trip, will normally be limited to \$125.00 per day. Requests must be submitted to the Business Office by 5 pm on Monday (or the first business day of the week) in order for a check to be available on Friday (or the last business day of that week). If the total amount of the travel advance exceeds \$125.00, it will be issued in the form of a check.
4. An approved **Travel Expense Voucher** must be submitted to the Business Office within twenty (20) days from the date that the last expense was incurred on the trip. In most cases, subsequent travel advances or reimbursements will not be processed for staff or faculty who have a travel expense report that is overdue. Requests for reimbursement of business mileage and related expenses incurred for local travel on university business must also be submitted on an **Auto Mileage Form** by the 15th of the month following the expense.
5. To ensure reimbursement of incurred expenses; the following must be documented in the space provided on the **Travel Expense Voucher**:
 - A. The business purpose of the trip or entertainment.
 - B. The dates and corresponding amounts of each item of expense.
 - C. If any of the expenses were incurred on the behalf of other non- PLU employees, state their business relationship to PLU (i.e., purpose of the business entertainment.)

The university requires that original receipts be submitted for all expenses, including itemized restaurant receipts, when available. Per IRS Publ. 463, a restaurant receipt is enough to prove an expense for a business meal if it has all of the following information:

- The name and location of the restaurant.
- The number of people served.
- The date and amount of the expense.

In addition, per the publication, if a charge is made for items other than food and beverages, the receipt must show that this is the case.

While a credit card slip by itself may not be considered an original itemized receipt, it will suffice if all of the above information is noted on the slip, including number of people served. In the case of hotel bills, the folio account from the hotel is necessary. For business entertainment, you must indicate on the form the names and affiliation of those entertained, the business purpose of the entertainment, and the nature of the discussion that took place.

AIR TRANSPORTATION

1. Air transportation may be reserved through a travel agent or via the internet. Care should be taken to ensure that the best pricing for travel arrangements is realized regardless of the method. We encourage you to use a PLU purchasing card, if you have one, when making your travel arrangements. However, if you prefer, you may use your personal credit card.
2. All domestic and foreign travel should be booked in the least expensive class. You may be asked to provide an explanation should you book airfare that costs more than coach fare.
3. To maximize discount fare possibilities, air travel arrangements should be made as far in advance of the travel date as possible.
4. When traveling to the same event, the university recommends that no more than two officers of the university or two staff from any single department fly on the same plane.

GROUND TRANSPORTATION

1. **AIRPORT TRANSFERS:** When available, airport limousines or complimentary hotel shuttle service should be taken to and from your hotel (or meeting site.) In addition, private vehicles, busses or shuttles should be used from home to the airport and back. (Limousines and taxis are generally significantly more expensive and should be used only if there is absolutely no other less expensive option.)
2. **CAR RENTAL** (*when out of the PLU area*): In order to receive a discount for the University, please inform the rental agency in advance that you work for a university to see if they offer discounts to educational institutions. (*Contact Campus Safety for local area vehicle rentals.*)
 - A. Car rental arrangements should be made at the time of booking travel arrangements.
 - B. Please refer to the FIOPS website under **Insurance and Risk Management** to read specific guidelines related to insurance coverage for car rentals.
 - C. Employees are encouraged to plan their travels to return rental cars to the original renting location to avoid unnecessary drop-off charges. Such charges can increase the cost of the rental by a considerable margin.
 - D. Employees should always refill the gas tank before returning the rental car. Service station prices for gas are significantly less than charge imposed by rental agencies. All purchases of gasoline or other supplies must be documented with receipts.

3. CAR RENTAL and UNIVERSITY VEHICLE USE (when driving from PLU): Departments should work with Campus Safety to obtain vehicle rentals at a discount, and in order to have the rental delivered to PLU. They will make the necessary arrangements for you, and you will be charged for the rental through the monthly inter-departmental charge system.
4. PERSONAL VEHICLE USE: Since auto mileage reimbursement for the use of personal automobiles while on University business is allowed, employees should not charge their gasoline purchases to a PLU Purchasing Card. The reimbursement is payable via the submission of an approved **Auto Mileage Form** and will be based on the following:
 - A. The current university authorized mileage rate. (See BUSO's web page.)
 - B. Mileage incurred while commuting from home to your regular place of work is considered a personal expense and is, therefore, not reimbursable by the university.

Should two or more employees travel together on University business in one vehicle, reimbursement will be made only to the employee whose vehicle is used for the travel.

5. PRIVATE AIRPLANES: If a private non-commercial airplane is used for any reason, the pilot must have liability insurance. University insurance does not cover any passenger (including the employee) or the pilot when a private non-commercial airplane is used.

HOTEL ACCOMMODATIONS

When employees traveling on University business will be away from home for one or more nights, they are encouraged to stay in moderately priced hotel facilities whenever possible.

- A. When travel arrangements are such that arrival is later than 6:00 p.m., it may be necessary to guarantee with the hotel for late arrival. The employee is responsible for any changes in the room reservations or cancellations. Any "no show" charges that could have been avoided will be the responsibility of the employee. To avoid incurring such costs, employees are encouraged to cancel in a timely manner and record the cancellation number assigned when the room is released.
- B. Reimbursement is limited to the rate for a single room unless the room is to be shared with another university member. Any additional charges incurred that are personal in nature, or as a result of spousal accompaniment (unless the business purpose is pre-approved), must be deducted when completing the **Travel Expense Voucher**.

MEALS (while traveling on University business)

Breakfast, lunch and dinner costs are chargeable to the University when an employee travels out of town on PLU business. It is the university's policy to cover the cost of meals that are commensurate with the normal, daily eating practices (**no per diems allowed**). *One alcoholic beverage purchased with a meal is allowable (typically at dinner).*

The university expects a written detailed justification when meal costs charged to the University are deemed to be lavish or otherwise extravagant. Since meal costs vary widely throughout the country and around the world, the university depends on its employees to exercise prudence and good judgment in the selection of restaurants when it's within their power to do so.

LOCAL BUSINESS MEALS, ENTERTAINMENT EXPENSES AND GIFT PURCHASES

For meals and entertainment expenses to be allowable University expense, a non-employee business associate needs to be present for a business purpose. When business is discussed solely between PLU employees, the cost of the meal is the responsibility of the employees.

Discretion should also be used by departments when using PLU funds to purchase gifts (flowers are ok in the case of bereavement or serious illness of an employee or a family member). With few exceptions, gifts purchased for employees with PLU funds are taxable income to the recipients. Special IRS rules exist for limited employee achievement awards (items of tangible personal property); each instance will be reviewed to determine taxability. In any event, you must notify the Business Office if you plan to or have already presented an employee of the University with a gift of any kind (cash, gift card/certificate, or tangible item).

IRS rule regarding gifts of nominal value: If, as a means of promoting goodwill, an employer distributes to its employees food and other merchandise of nominal value at Christmas or a comparable holiday, the value of the gifts is excludable from the employee's income. But if an employer distributes cash, gift certificates or similar items of readily convertible cash value to employees, the value of the gifts is additional wages or salary, *regardless* of the value.

Business practice includes the necessity from time to time to host commercial contacts under conditions conducive to business discussion but removed from university offices. Again, such entertainment should not be lavish or extravagant, and must be reasonable and appropriate to the business circumstances. The practice of a quiet meal with a non-PLU associate that does not advance the business of the university in any meaningful way is not allowable.

The IRS requires documentation to support each instance of business entertainment. Included in the supporting documentation or transaction notes, should be a receipt that identifies the establishment, the city and the date on which the entertainment occurred. The notes must also contain the name and affiliation of those entertained, and must state the business conducted.

TIPS

Tipping is allowed and is reportable on the **Travel Expense Voucher** should be reasonable and follow these guidelines:

- A. Wait staff: 15%-20% of the receipt total should be included in the amounts reportable in the applicable cell on the Meals line.
- B. Taxis: 15% of the fare should be included on the Other Transportation line.

C. Bellhops/Porters: \$1.00 per bag can be included on the Other (expense) line.
PERSONAL SERVICE

Laundry, cleaning and pressing charges are only allowed when a traveler is out of the area for more than a week, but only as necessary.

The following are examples of personal expenses and are the responsibility of the employee: DVD rentals, movies, spa facilities, car washes, souvenirs and toiletries.

The university will not be responsible for any costs incurred as a result of illegal actions by the employee, even if the employee is conducting university business. This includes vehicular violations and deductibles for accidents, if the employee driver is deemed to be at fault.

TELEPHONE

Employees are encouraged to use their cell phones for personal calls when they are traveling on university business. Personal long distance calls to one's home charged to the hotel room are limited to one call each day away from home base and should be limited 10 or 15 minutes.

PLU PURCHASING CARDS (P-CARDS)

Those employees who have been issued university purchasing cards are encouraged to use them for authorized business travel and meals. If the traveler purchases a retail item for PLU, the item and business purpose should be described on the "Other" line of the **Travel Expense Voucher**. The traveler will be responsible for items not in compliance with PLU's **Purchasing Card Policies and Procedures**. Attach the original purchase receipt to the travel documents and forward a copy, including the explanation regarding business purpose, to their P-card liaison in the department. (A copy should be kept with the employee's other P-card receipts, to be made available when the department undergoes an internal PLU purchasing card audit.)

SPOUSAL ACCOMPANIMENT

When spouses travel with institutional employees but are not themselves serving as agents of the institution, travelers should be careful to maintain a record of individual expenses. Expenses for spousal travel will not be reimbursed unless he/she has been pre-approved as an authorized agent of the university. Likewise, airfare or any other travel expense that is directly billed to the institution should not include expenses for the spouse.

IN CONCLUSION

Since travel costs represent a sizeable portion of the university's total expenditures, appropriate efforts must be taken to contain and control these costs. In order to fairly administer the policy, few exceptions will be permitted. All expenditures that appear to be in conflict with the intent of these guidelines will be submitted to the next highest level of authority for review. The University greatly appreciates the adherence of its employees to this **Travel and Business Expense Policy**, and to all other PLU policies.