

TRAVEL POLICY TRAINING

April 2008
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Agenda

- IRS Compliance requirements
- Forthcoming travel policy changes
 - Reimbursements
 - Payment options
 - Advances
- Introduction of new forms
- Other Policy Reminders

Accountable Plan Compliance

- Advances and business expense reimbursements made under the University's "accountable plan" are generally non-taxable and are not reported by the University on the employees W-2 form, provided the following three conditions are satisfied:
 - Business connection
 - advances and reimbursements must be made for business expenses only and must be reasonably related to the expenses the employer is expected to incur
 - Adequately accounted for
 - Travelers must provide documented evidence substantiating the expense
 - Return of excess payments (i.e. advances) in a timely manner

New “look and feel”

- Format changed to mirror other financial policies
- Policies have been reorganized and renumbered
- Each Policy section now contains:
 - Purpose / Scope / Policy
 - Responsibilities (traveler, TAC holder and higher level approvers)
 - Links to forms and procedures
- Procedures moved to a new procedure manual

Goals of revised policy

- Ensure that Penn's resources are spent prudently
- Ensure that IRS Accountable Plan requirements and Sponsored Program requirements are met
- Clarify roles and responsibilities for the traveler, School/Center approvers and processors
- Ensure T&E reimbursement requests are properly documented, reviewed and approved prior to submission for processing
- Foster the use of recommended payment mechanisms and reduce unnecessary advance requests

T&E Reimbursement - Key Policy Changes

- Policy #2351 – General
 - Identifies roles and responsibilities
 - Replicates “one-up” approval requirements required for University executive levels to all levels with the introduction of a new role – **Higher Level Approver**
 - Requires schools/centers to establish an approval hierarchy
 - Every travel form will require at least two signatures
 - Policy states that traveler and approvers are responsible for policy compliance
 - Role of the travel administrator is responsible for training, communicating, answering questions
 - Central processing organization is responsible for processing reimbursements in a timely manner

Signature area on forms

WS

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Click here if Reimbursement Justification form is attached

SIGNATURE OF TRANSACTION CARD (TAC) HOLDER

SIGNATURE OF HIGHER LEVEL APPROVER

*** SIGNATURE OF HEAD OF SCHOOL OR CENTER (OR DESIGNATED REPRESENTATIVE) when required**

STREET ADDRESS

MAIL CODE

TELEPHONE

DATE

4/4/2008

Form C-1 12/07 (www)

T&E Reimbursement - Key Policy Changes

- Policy #2352 – Payment Methods
 - Defines preferred payment methods as:
 - AMEX Travel and their central bill account
 - AMEX Corporate Credit card
 - Travelers and Entertainers are expected to personally incur T&E expenses
 - We encourage people to submit their T&E reimbursement requests within 10 days of the ending date of the trip or event
 - Use of preferred payment mechanisms increases the Universities ability to leverage travel spend

T&E Reimbursement - Key Policy Changes

- Policy #2353 – Advances
 - Going forward advances will just be funds or monies provided to individuals prior to a trip or event
 - Prepaid expenses will be submitted on C-1 forms (airline, conference fees, etc.)
 - Clarifies the limited use of advances for T&E payment
 - Advances only allowed under documented extenuating circumstances with approval
 - All Advances will need an Advance Justification (C-7A) form

Travel and Entertainment Reimbursement Policy
Advance Justification (C-7A) Form

The Travel and Entertainment Reimbursement Policy expects Penn travelers and entertainers to incur expenses on behalf of the University and seek reimbursement. Travelers and entertainers can request T&E Advances **only** when circumstances are such that other payment options (see Policy 2353 for more information) are not feasible. Travelers and entertainers must document in writing the circumstances that preclude the use of other payment options and obtain the necessary approval.

Advance requests that require approval of the head of the school or center (or designated representative):

- All Advance requests over \$1,000
- Any Advance request for an extended period of time (three months or longer)
- Extended period of time for Advance reconciliation (30 days beyond Ending Date of the trip or event)
- All Advance requests for non-employees

Advance requests that require higher level approval *only*:

- Advance for authorized student activities
- Advance for (or payment to vendors on behalf of) Penn employees **not eligible** for an Amex corporate card
- Advance for anticipated travel or entertainment expenses requested by a Penn employee who is eligible for Amex corporate card

Explanation of circumstances that preclude the use of standard payment options and support the need for funds advanced to this individual:

T&E Reimbursement - Key Policy Changes

- Policy #2354 – Process
 - This policy defines the general expectations for form completion, required supporting documentation, review and approval
 - Defines timely submission as 10 days following a trip or event
 - Defines 182 day (six month) cut-off for expense reimbursement
 - New Reimbursement Justification form for items that may be out-of-policy

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Penn's Travel and Entertainment Reimbursement Policies are designed to reimburse travelers and entertainers for reasonable expenses incurred while conducting University activities in compliance with various external guidelines including the IRS. Written T&E policies cannot address all possible T&E scenarios and reasonable expense levels under all circumstances. The purpose of this form is to document the justification for expense reimbursements not contemplated by the written policies and the related required approval. To prevent unexpected reimbursement denials, documentation and approval should generally be obtained prior to the expense being incurred. To help ensure consistency in the application of business judgment to various facts and circumstances, it is important that higher level approval, as well as head of school or center approval (or designated representative), is obtained for designated items.

Items that require approval of the head of the school or center (or designated representative):

- Higher class of service than the policy permits
 - Purchased airline international business class ticket
 - Purchased airline first class (domestic or international) ticket
 - First class Amtrak ticket
 - Sedan / limo service used by employees
- Reimbursement request that exceeds 182 days
- Unnecessary fees (i.e. Amex card late fees, hotel no-show fees, lost ticket fees, etc.)

Items that require higher level approval *only*:

- Missing or incomplete required documentation or original receipts
- Exceeded meal thresholds (see Policy 2361)
- Local meals with Penn colleagues (see Policy 2361)
- Did not use the recommended payment method of an Amex corporate card for business related expenses
- Other _____

Narrative description of business circumstances supporting the expense incurrence and reimbursement request:

Other Policy Reminders

- Payee designations and required documentation
- Importance of business purpose on forms
- What is an original receipt these days?
- Meal Reimbursements
- Sponsored Project requirements
- Travel Object Codes

Importance of Payee Designations

- Faculty/Staff and Penn students
 - Should already be in the BEN financial system
 - Put their vendor # and Penn ID# on the form
 - Make sure Penn Students have up-to-date addresses
- Penn Student (non US citizen)
- Non-employee U.S. citizen (1st time payment)
- Non-employee non resident alien

Business Purpose

- A valid business purpose is important
- Examples of descriptions that are too vague and inadequate
 - Business meeting
 - Business meal
 - Travel to Detroit
- Examples of adequate descriptions
 - Meeting to discuss XXX initiative/strategy
 - Meal to recognize outstanding contribution/above and beyond efforts
 - Donor prospect cultivation/development

Receipt requirements

- Substantiation Requirements
 - The amount of the expense incurred
 - Name of merchant
 - Date and transaction detail
 - Indication that the amount was paid
- Airline passenger receipt coupons have been replaced with itinerary/invoice confirmations
- Receipts from web sites such as [hotels.com](https://www.hotels.com)
- What to do if original receipts are not available

Meal Reimbursements

- Itemized receipts are required
 - Need to identify items that are unallowable for indirect cost recovery
- Definitions of business meals vs. meals that are entertainment in nature
- Business meals can be charged to 5209 even if alcohol is served at the meal
- Alcohol must always be charged to 5214

Travel Object Codes

- 5200 Domestic travel for **faculty and staff**. (travel expenditures incurred on a non-local trip within the United States, its territories and Canada) Includes all trip-related expenses such as airfare, lodging, ground transportation, conference fees and meals. Business meals while traveling should be charged to 5209 or 5214 and a C-1A form should be attached.
- 5201 Local travel for **faculty and staff**. Local travel includes destinations in and around Philadelphia (50 mile radius or less).
- 5202 Foreign Travel for **faculty and staff**. (travel expenditures incurred while outside the United States, its territories and Canada) Includes all trip-related expenses such as airfare, lodging, ground transportation, conference fees and meals. Business meals while traveling should be charged to 5209 or 5214 and a C-1A form should be attached.
- 5203 (use object code 5202)
- 5204 Domestic student travel. (travel expenditures incurred on a non-local trip within the United States, its territories and Canada). Includes all trip-related expenses such as airfare, lodging, ground transportation, conference fees and meals.

Object Codes cont.

5209 Business meals for **faculty and staff**. Business meals are meals with a clearly substantiated business purpose that are directly associated with the active conduct of University business. At a business meal the business discussion is the primary purpose of the meal. A meal that directly precedes or follows a substantial and bona fide business discussion also meets this criterion.

Examples of business meals include meetings with business associates, professional colleagues, students and others at which a bona fide business discussion takes place. An Entertainment and Business Meal Worksheet (C-1A form) must be completed for meals listing the date, place of entertainment, persons entertained, affiliation and the business purpose of the meal. Any alcohol in conjunction with a business meal must be charged to 5214. Local travel is no longer charged to this object code.

5210 Conference registration fees. When paying conference registration fees directly or reimbursing prepaid registration costs, use this object code.

5211 Penn sponsored business meetings. Refreshments for meetings, informal office meetings, lab lunches, groceries, box lunches etc. constitute meeting expenses. Any alcoholic beverages that are served in conjunction with campus meetings must be charged to 5214.



Object Codes cont.

5214 Entertainment. Entertainment encompasses those expenses incurred in conjunction with a meal or event that is business related but social or celebratory in nature. Entertainment expenses and all alcohol purchases in conjunction with entertainment related activities must be charged to 5214. Expenses incurred for business-related entertaining include catering, decorations, alcohol, location rentals and musical (or other) groups that have been contracted to provide entertainment. *

[An Entertainment and Business Meal Worksheet (C-1A form) must be completed when using this object code listing the date, place of entertainment, all persons entertained, affiliation and the business purpose of the meal or event.]

Travel forms

		LESS PREPAYMENTS:		0.00				
		LESS ADVANCES:		0.00				
		BALANCE DUE PAYEE:		0.00				
		* BALANCE DUE UNIVERSITY:						
		* attach a copy of the deposit slip						
PART IV: ACCOUNTING INFORMATION		NON FEDERAL GRANT		FEDERAL GRANT				
LAST NAME OF PAYEE	Balance Due							
		CNAC	ORG	BC	FUND	OBJECT CODE	PROGRAM	CREF

- International travel on a 5 fund – goes to Research Services unless it is a non-federal grant
- Use the airline billing account with American Express
- Fly America Act requirements

Other Travel initiatives

- PhillyCarShare partnership
- “Know Before you Go” pamphlet
- New improved web pages and Travel Portal
- Closer working relationship with Purchasing in FY'09
- Training Opportunities