



Policy Governing Expense Reports

Including Travel, Entertainment and Reimbursement of Business Expenses

Introduction

Hendrix College is committed to establishing and maintaining an environment of the highest ethical standards. As stewards of entrusted resources, faculty and staff share an important responsibility of trust and integrity. The purpose of this policy is to provide the Hendrix community with broad guidelines to ensure only reasonable and necessary expenditures for authorized business, travel and entertainment are incurred, documented, and paid for by the College in conformity with applicable laws, acceptable practices, and common sense. This policy is also intended to ensure consistent and fair treatment between departments throughout the College and the uniform reporting of financial data.

This policy provides information to faculty and staff members about reimbursable expenses, defines conditions under which Hendrix College (“Hendrix” or “the College”) will pay or reimburse for necessary and reasonable expenses incurred for travel, entertainment and other business expenses, and describes circumstances under which certain College-paid or reimbursed expenses will be treated as taxable income to the recipient.

All staff, faculty, and students who travel, entertain or expend funds for business-related expenses are subject to this policy. All persons traveling, entertaining or expending funds on behalf of the College and those who approve travel expense reimbursements are responsible for knowledge of and adherence to College travel policies and procedures. In addition, sponsoring agencies may have additional regulations governing travel expenditures. This policy is designed to meet the IRS Accountable Plan requirements as set forth in IRS Publication 463.

All business expenses are subject to audit by the Business Office and the College’s external auditors, Internal Revenue Service and Federal granting agencies. The purpose of these audits is to ascertain that the expenses are proper and fully documented. Therefore, it is essential that faculty and staff members are aware of the importance of fully documenting their expenses, and Budget Managers

recognize their responsibility for critically reviewing expense reports prior to approving for reimbursement.

All faculty, staff, and students who are reimbursed for travel expenses are expected to be fiscally responsible with the use of the College's funds. It is recommended to compare the expenses associated with the different travel options using the [travel comparison form](#) and choose the least expensive form of travel. If a more expensive travel method is used, the College may only reimburse for the least expensive method of travel as indicated by the comparison.

Responsibilities

Responsibilities of Travelers/Cardholders

Travel and entertainment expenses and purchases made to acquire goods and services are expected to be properly authorized, reasonable, appropriately documented, and within the standards of this policy. Individuals who incur authorized expenses on behalf of the College should neither gain nor lose personal funds as a result.

It is the responsibility of the cardholder and/or traveler to:

- understand the type of expenses that are allowable;
- obtain pre-approval for purchases or travel arrangements;
- review credit card statements and invoices to ensure charges are accurate;
- retain adequate required documentation for expenses;
- submit timely expense reconciliation reports and/or reimbursement requests;
- Assume responsibility for any expense deemed unallowable.

Responsibilities of Supervisors/Delegates

It is the responsibility of the approving party to be familiar with the reason for the travel and entertainment expenses or purchases of goods and services to ensure it is reasonable within the context of departmental operations. The approver is charged with ensuring the accuracy and completeness of documentation and to be satisfied that expenses have been reported in a manner consistent with this policy. The responsibility for review and approval rests with the supervisor (or designee acting expressly on his/her behalf) who is fiscally responsible for the account to which the expenditures will be charged.

It is the responsibility of the supervisor/delegate to:

- ensure employees and your authorized delegates understand this policy;
- review and approve expense and reconciliation reports with the understanding of the business purpose, and that your approval is a formal statement that you have reviewed the submitted expenses, that the expenses have been properly classified, and that the expenses are in accordance with this policy.

Definitions

Business Purpose

The College will bear all reasonable and necessary business-related expenses that are incurred by authorized travelers and purchasers. All purchases of goods or services and travel and entertainment expenditures must have a clear **business purpose**, which is defined as one that supports or advances the goals, objectives, and mission of the College. The IRS requires that records be maintained to adequately describe the expense as a necessary, reasonable, and appropriate business expense. Official travel is defined as movement on official business of the College from one's home or normal place of employment to another destination, and return from there either to one's normal place of employment or to one's home. Commuting between one's home and regular place of employment is NOT official travel.

Non-Allowable Expenses

The following is a list of expenses that are not allowable under the College's policy for purchases, travel and entertainment. This list is not comprehensive and is intended only to be a representative guide to the types of expenses that are usually not allowable.

- Airline membership club fees, seat upgrade fees, or inflight Wi-Fi;
- Any personal expenditures while traveling (e.g. movies, plays, concerts, sporting events, sightseeing tours, clothing, tuxedo rental, alcoholic beverages not associated with approved entertaining, toiletries, etc.);
- Laundry or dry cleaning services unless travelling for an extended period;
- Fines for traffic/parking violations;
- Commuting costs to your regular work location from home or as defined by the IRS;
- Purchases of computers, tablets, mobile phones, peripherals or data plans for those devices without pre-approved written authorization
- Purchases of gift cards or gift certificates;
- Requests for reimbursements older than two months;

Travel Expenses

Air Travel

The College does not contract with a travel agent to book travel, but all efforts should be made to obtain the lowest fare available. All airline ticket purchases must be pre-approved (with the exception of faculty professional travel) and should be purchased using a College credit card and not the traveler's personal credit card. The authorized traveler may retain frequent flier miles earned; however, an employee should always travel on the least expensive airline and not the airline with which they have a frequent flier account. If an employee uses frequent flier miles, personal airline credit vouchers, etc. to pay for authorized College travel, they cannot be reimbursed for the cost of the benefit used.

Checked baggage/Check-in Fees: Hendrix will reimburse early check-in fees and/or the cost of transporting one bag while traveling on College relates business up to a maximum of \$50.00 per roundtrip. In addition, Hendrix will reimburse excess baggage fees if the traveler is traveling with heavy or bulky materials or equipment necessary for business. However, the traveler should assess whether extra materials or contents can be sent via mail or overnight delivery at a more economical rate. Traveling for extended periods of time may also require excess baggage charges and will be reimbursed. Any fees in excess of \$50.00 per roundtrip require approval prior to travel.

Travel Insurance: The College will not reimburse for travel insurance with the exception of certain international flights in which it is deemed necessary and approved by the supervisor prior to purchase.

Other airline fees: Generally, the College will not reimburse various airline fees. The College will not reimburse a traveler for alcohol consumed on a flight. In-flight wireless access is non-reimbursable unless requested by the College. Any airline fees to be incurred beyond what is listed in this document require approval prior to travel.

Airport parking: When parking at airports, travelers should use economical and reasonable parking available subject to safety and disability concerns (i.e. Long term surface parking as opposed to Parking Decks)

Standard Mileage: The standard mileage for travel to the airport from the College is 38 miles. Please charge the lower of this distance or the actual mileage for travel to and from the airport. The standard mileage rate is the IRS rate in effect at the time of travel.

Frequent Flyer Awards: Hendrix will not reimburse for tickets purchased with frequent flyer miles. Frequent flyer memberships should not influence travelers in making their flight decisions.

Other expenses incurred during air travel: *Generally, the College will not reimburse for other purchases that would have been incurred regardless of air travel. These would include coffee and snacks (the only exception would be if*

these expenses were incurred in place of a meal), newspapers or periodicals or other personal items.

Car Rental

Car rental is appropriate when it is the most reasonable and economical mode of travel under the circumstances. As a guide, the cost of the rental should be less than the amount of reimbursable personal mileage, cost of airfare, or taxi/shuttle. When travelling in excess of 200 miles per day, travelers should consider car rental in lieu of use of a personal vehicle. A [travel comparison form](#) is available to help in choosing the least expensive form of travel. Specialty rental vehicles (e.g. luxury models, sports utility or convertible) are disallowed. Travelers should be aware of the rental companies' policies regarding fuel surcharges and/or refueling fees. Travelers must comply with all applicable local, state, federal laws and regulations pertaining to the operation of a motor vehicle. The College is not responsible for any traffic fines/tickets incurred during a car rental; these fees should be paid by the traveler.

Since the College already carries rental automobile insurance in our comprehensive insurance policy, **no additional coverage should be purchased when renting vehicles**. The costs of any rental insurance premiums are disallowed. All persons expected to drive a rental vehicle should be registered with the rental agency to ensure age and legal requirements of the contract are met. Any accidents should be reported immediately to the rental agency and the Hendrix Director of Facilities Management.

Use of Personal Vehicle

Travel by personal automobile is an allowable expense when it is the most economical and reasonable mode of travel under the circumstances. When a personal vehicle is used, the traveler is eligible for a mileage reimbursement up to the IRS approved mileage reimbursement rate, which is updated annually by the IRS. This mileage reimbursement rate recognizes the cost of gas, oil, normal wear and tear, and insurance. A [travel comparison form](#) is available to help in choosing the least expensive form of travel.

When a personal vehicle is used, the traveler's own insurance policy serves as the primary policy for third party liability and physical damage to your vehicle. If a personal vehicle is damaged as a result of an accident, regardless of fault, the traveler's comprehensive/collision coverage would respond. The traveler is responsible for any deductible amounts under his/her policy. Neither the College nor the College's insurance will be responsible for any physical damage to a personal vehicle; the traveler uses at his/her own risk.

Costs incurred for traffic tickets for moving violations or parking tickets are not allowable expenses.

Lodging

College authorized accommodations are expected to meet acceptable business travel standards with respect to comfort, safety, convenience, and cost. Hotel costs vary depending on the location but travelers are expected to use prudent judgment when selecting accommodations. Since many hotels offer conference, corporate, or educational rates, these discounted rates should be used when available. Lodging costs should always be charged to the traveler's College credit card to the extent possible.

Unless mitigating circumstances prevail, travelers are personally responsible for costs incurred for "no show" charges, unreasonable room or valet services, in-room entertainment, health club usage fees, room damages and excessive internet or telephone charges. Items deemed unreasonable that have been charged to a traveler's College credit card must be reimbursed within two weeks after travel has concluded.

Private Accommodations in Lieu of Hotel

If while travelling on College business, an employee chooses to stay with friends or relatives in lieu of a hotel, the traveler may purchase a dinner or small gift in exchange for the accommodations. This host gift is intended to express the College's gratitude and must be purchased and presented to the host during the same trip. Prior approval should be obtained from the traveler's supervisor and the cost of the host gift should not exceed the cost of a single night in the appropriate local market. As a guideline this dinner should not exceed \$80. No cash payments or gift cards to the host are permitted.

Meals

The College will allow the actual cost of employee meals when traveling, including restaurant charges, room service, and refreshments. All meal costs including applicable tips, not to exceed 20%, should be charged to the College credit card wherever accepted. Since the IRS defines travel as being away from an employee's tax home on business requiring an overnight stay or substantial sleep or rest, meals for single-day trips are not allowable unless they qualify as a business meal or entertainment. Alcohol purchases are considered personal expenses and are not allowed except in conjunction with approved entertainment.

Alcohol

- The College will only pay for one drink per person for any meals;
- The College will not pay for alcohol for students.

Business Meals or Entertainment

A business meal or entertainment is defined as a meal or event including an employee plus one or more attendees having a bona fide relationship with the College. If entertainment occurs under circumstances where distractions are substantial and engaging in the active conduct of business is improbable (e.g. at a theatre or sporting event), the IRS requires proof that an actual business discussion took place directly before or after entertainment. IRS required documentation includes:

- The date and duration of the business discussion;
- The time, place, and description of the expense;
- The business purpose of the expense/topic discussed;
- The business relationship and name of each individual who participated in the discussion.

Per Diems

The College will allow an employee to claim a per diem only for meals and incidental expenses while travelling on College business. The maximum allowable per diem is \$35. If the per diem method is selected, the employee is not required to submit receipts for meal and incidental expenses incurred and must use this method for the extent of the trip. For partial travel days, a percentage of the daily per diem rate should be used depending upon the number of meals the employee was required to purchase. If an employee claiming the per diem method entertains individuals on behalf of the College during a trip, they should categorize the particular meal as a business meal or entertainment and submit the receipt. The per diem rate for the particular date when the business meal or entertainment occurred should be reduced accordingly. In the event that meals are provided to employee during a conference or provided by Hotel, the daily per diem rate should be reduced depending upon the meals that the employee was required to purchase.

Cash Advances

With prior approval from the Business Office, cash advances can be given for group/team travel where the use of a College credit card is not practical. Funds may be advanced for group/team travel for anticipated meals and other incidental expenses allowable under the travel policy. In general, Cash advances will not be provided for expenses (such as registration fees) that can be charged on a College credit card or directly paid by a College issued check. All requests for cash advances must be submitted in sufficient time to allow the Business Office to approve and process the request.

Employees are fully responsible for the funds advanced to them and the amount spent must be fully documented with all undocumented advance repaid to the College no more than 30 **calendar** days after the completion of the travel. For consecutive travel, the 30 day time period starts upon the completion of the ending travel date of the last trip. Documentation for outstanding travel advances must be submitted before additional funds may be requested.

Non-Reimbursable Travel and Business Expenses

In general, the following expenses will NOT be reimbursed. The following list is not to be considered all-inclusive, and a rule of reasonableness must be applied by the appropriate Budget Manager.

- a. Entertainment expenses for faculty and staff members when only faculty and staff members are involved and not otherwise justified as necessary travel or required for College business;
- b. Repair, maintenance, cleaning or insurance of personal automobiles;
- c. Home internet service, personal phone/tablet data packages;
- d. Theft, loss or damage of personal luggage, property and effects or theft/loss of cash advance money;
- e. Membership dues in private or social clubs, organizations, health clubs, gyms, and the like;
- f. Political or charitable contributions;
- g. Passenger insurance (flight insurance) or other non-compulsory insurance coverage, unless the policy specifically requires the insurance to be elected;
- h. Personal credit card annual fees, interest charges or delinquency fees;
- i. Day-care or babysitting fees for children;
- j. Boarding or kennel charges for pets;
- k. Fees for upgrades of air, hotel, or automobile or other mode of travel;
- l. Golfing, green fees or golfing cart rental, unless part of approved development activity;
- m. Personal grooming or spa services, such as barbers, nail services, hairdressers, massages and shoe shines;
- n. Medicine, clothing or toiletries;
- o. Movies (either in-room, in-flight or at the theater) and movie expenses, such as headphones on airlines;
- p. Expenses for travel incurred by companions or family members, except as approved in advance;
- q. Expenses related to vacation or personal days while on a business trip;
- r. Excess baggage charges, except as noted above;
- s. Alcohol purchases where business purpose is not justified;
- t. Avoidable "no-show" charges for hotel or car service; and
- u. Tips exceeding 20%, and, in most instances, tips in addition to pre-applied gratuity.

Failure to comply with the policies pertaining to documentation of expenses in this policy will result in non-payment of expenses to faculty members or employees, in addition to other possible consequences, which could include addition of the expenditures to the individuals form W-2 as taxable income or requirement of cash remuneration as appropriate, up to and including termination and legal prosecution.