

**Policy Title:** Travel Expense Policy

**Policy Summary:** Guidelines for expenses incurred while traveling on University business

**Policy Category:** Financial

**Policy Owner:** Finance

### **Policy Summary**

Guidelines for expenses incurred while traveling on University business.

### **Purpose**

This policy provides guidance for expenses incurred while traveling on University business. It is intended to comply with Internal Revenue Service (IRS) regulations, the Internal Revenue Code (IRC) definition of an Accountable Plan, and University policies and procedures.

### **Scope**

This policy and its related procedures are applicable to any individual, including but not limited to faculty, staff, visiting scholars, students, and non-University personnel, seeking reimbursement of travel expenses from University or Sponsored Research funds, and any University unit seeking to use University funds to pay for travel expenses on behalf of any individual.

This policy also applies to individuals authorized to approve and process travel arrangements and expenses on behalf of the University.

A unit may set more restrictive requirements. In such case, the unit is responsible for documenting, communicating, and enforcing any such requirements.

### **Definitions**

**Active conduct of business** - Generally, an expense is associated with the active conduct of business if a clear business purpose for the expense can be documented. The purpose may be to generate new business, to encourage the continuation of an existing business relationship, or to participate in activities that further the mission of the University.

**Adequately accounted for** – An expense is considered adequately accounted for when required documentation has been received by the Accounting Office in accordance with University policies and procedures. Unless other requirements are explicitly stated within this policy, documentation required to substantiate a travel expense includes itemized receipts and an explicit business purpose.

**Authorized Travelers** – Travelers must obtain permission to travel, before travel begins, from the supervisory or designated authority as specified within their unit(s).

**Excess Reimbursements** - Excess reimbursement is any amount paid to an employee that is not adequately accounted for within a reasonable period of time.

**Foreign Travel** - Foreign travel is defined as any travel outside the United States and the U.S. possessions and territories.

**Incidental Expenses** – Fees and tips given to porters, baggage carriers, hotel staff, and other gratuities that are usual and customary for services provided. The University recommends 15-20% gratuity.

**Necessary Expense** - A necessary expense is one that is helpful and appropriate for University business.

**Official Travel Status** - A traveler is considered in official travel status when an individual's duties require them to be away from their primary place of business for a period substantially longer than an ordinary workday and an overnight stay is needed to meet the work demands. The travel destination must generally be a distance of 50 miles or more from the individual's primary place of business.

**Ordinary Expense** - An ordinary expense is one that is common and accepted in University business.

**Primary Place of Business** – The primary location where an individual's job duties and responsibilities are performed throughout the year. This is typically the University's campus or the employee's tax home.

**Reasonable Period of Time** - The definition of reasonable period of time depends on the facts and circumstances of the situation. However, regardless of the facts and circumstances, actions that take place within the times specified in the following list will be treated as taking place within a reasonable period of time.

- An advance is given within 30 days of expense payment or occurrence.
- Expenses are adequately accounted for within 60 days after paid or incurred.
- Excess reimbursement or advance is returned within 60 days after the expense was paid or incurred.

## Policy

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### 1.0 General

This Travel Expense Policy is considered an accountable plan per Internal Revenue Service (IRS) definitions. Expense reimbursements that meet the accountable plan guidelines are generally not reported as income to the individual.

Travel expenses incurred by authorized travelers may be allowed if ordinary, necessary, and reasonable. The main purpose of the travel must be the active conduct of University business. It is the responsibility of each individual incurring such expenses as well as the individual approving such expenses to comply with the University's policies and procedures.

Travel expenses must be approved according to the authorities outlined in the University's [Approval Authority Policy](#). Due to budget constraints, the University or departments may place more restrictive limitations on the amounts spent by their specific department or unit if deemed necessary.

Travelers are strongly encouraged to procure travel services, when available, from University [preferred vendors](#). These preferred vendors include, but are not limited to, designated travel agencies, online booking providers, vehicle rental agencies, and airport parking companies.

All travel expenses must be adequately accounted for and any excess reimbursements or advance must be returned within a reasonable period of time. Expenses not adequately accounted for within a reasonable period of time will not be paid with University funds. Travel expenses should be documented using the [Travel Expense Reimbursement Form](#) and appropriate supporting documentation as outlined in this policy.

When personal and business travel are combined, requests for expense reimbursement must be well documented and should not exceed the lowest available cost of travel on the direct or uninterrupted business travel route. If the traveler uses an indirect route or interrupts travel by direct route for personal convenience, any additional expenses incurred will be the sole responsibility of the traveler. Additional costs incurred by or for companions or family members of an authorized traveler will be the responsibility of those individuals or the traveler.

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## **2.0 Transportation Expense**

Travelers should use the most economical mode of available transportation. Travelers are expected to minimize travel-related expenses by making selections that result in the least expense to the University, providing this does not result in ineffective use of the travelers' working time or excessive inconvenience. If a mode other than the most economical is chosen, a reasonable business reason should be clearly stated and approved by the supervisor and Dean/Director.

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### **2.1 Air Travel**

Air travel arrangements must be made with the University's preferred [Air Travel Agency](#). Exceptions to the requirement to use the University's preferred Air Travel Agency may be approved by the Chief Financial Officer with such approval occurring prior to booking the airfare. To secure the lowest airfares possible, it is recommended that travelers make arrangements with the agency at least three weeks prior to travel.

Reservations must be made for economy coach class on the lowest cost carrier meeting appropriate time consideration for University business. Reservation upgrades that exceed the lowest logical airfare are considered a personal expense of the employee and will not be paid with University funds. For extenuating circumstances (i.e. medical considerations) and when appropriate funding is available, exceptions may be granted by the supervisor and Dean/Director and must be approved by the Chief

Financial Officer or their designee. Documentation is required to substantiate upgrades, which may include a documented medical justification from a primary care provider.

Piloting, chartering, leasing, or contracting for aircraft as an individual while on University business are strongly discouraged. If these modes of transportation are considered appropriate under a certain circumstance, the policies and procedures outlined in the [Transportation Policy](#) should be followed.

Frequent flyer or promotional discount coupons issued by airlines may be used by the employee. Air carrier selection cannot be biased by any traveler's frequent flier affiliation. The lowest cost air travel will take precedence over frequent flier programs. Travelers will not be reimbursed for the value of any personal points used for business travel.

Baggage fees necessary for business travel are allowable. Additional charges to accommodate personal or vacation travel activities are not reimbursable. The University will not reimburse travelers for personal items lost while traveling on business. The traveler should arrange for the retrieval of and compensation for lost baggage with the airlines directly.

The University will reimburse mileage to and from the airport at the [IRS Standard Mileage Reimbursement Rate](#). The starting point of travel should be the traveler's primary location of business (i.e., home address or Drake campus).

The University will reimburse for airport parking. Travelers are expected to park in the most economical airport parking lot. This generally includes economy or long-term parking options. The difference in cost for parking upgrades, without a valid business justification, will be at the expense of the traveler.

Documentation required to substantiate air travel includes airline itineraries showing traveler names, fare class, dates of travel, all legs of the trip, and verification of amounts paid.

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## ***2.2 Use of Personal Automobile***

Travelers may utilize their personal car to drive to their destination. Personal automobiles should not be utilized when other transportation modes are more economical. Mileage reimbursement related to the use of a personal automobile may not exceed the comparable cost of other transportation modes (i.e. rental car, airline) available for the trip. Departmental units or Accounting personnel may request comparable cost of alternative transportation that would be available.

Mileage will be reimbursed at the [IRS Standard Mileage Reimbursement Rate](#), rounded down to the nearest penny, for an employee's use of a personal automobile during business travel. The mileage reimbursement rate is designed to cover items such as the cost of gas, oil, maintenance, insurance, and depreciation.

Reimbursable mileage is based upon the starting point of the trip or the individual's primary place of business, whichever is less. The cost of traveling between an employee's residence and primary work location is considered personal commuting expense by the IRS and therefore not a reimbursable business expense. Mileage from the employee's residence to a temporary work location (example: local conference site, local recruitment, etc.) will not be reimbursed unless the mileage is significantly greater than one's normal commuting mileage. In this case, the difference between the normal commuting mileage and the mileage to the temporary work location will be reimbursable.

Mileage will also not be reimbursable if traveling to/from a remote work location and campus while on a customized work arrangement with the University. This is considered a personal commuting expense.

In the event of multiple travelers, one vehicle should be used when possible. Only the owner of the personal automobile used during the travel will be reimbursed for mileage.

Personal expenses, such as insurance on or repairs to a personal vehicle, will be the responsibility of the traveler, even if damage occurred while on university business. Fines for automobile violations or personal misconduct will not be paid by the University. See the [Transportation Policy](#) for additional information regarding insurance coverage.

Documentation required to substantiate mileage reimbursement includes a [mileage log](#) indicating the business purpose for travel, departure location, destination, and total miles driven with the personal automobile. Other forms of documentation that depicts this information, such as Google Maps or MapQuest, may be used as alternative documentation.

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### **2.3 Rental Automobile**

Automobile rentals should be limited to situations where other means of transportation are not practical, economical, or available. The most economical rental option must be used and travelers should seek the best rental rate available at the time of booking. Upgrades will be considered a personal expense unless there are extenuating circumstances (i.e. medical) that cannot be avoided or there is a clearly documented business reason for the upgrade.

When traveling in groups, sharing of cars is encouraged to reduce costs.

Mileage reimbursement is not available for use of rental vehicles. Actual gas receipts must be submitted for reimbursement when a rented automobile is used for University business.

Additional insurance coverage is not to be purchased from the car rental agency. Such expenses will not be reimbursed by the University to the traveler. The University's insurance policy covers the rental car driven by an employee traveling on University business.

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### **2.4 Other Ground Transportation**

Other ground transportation should be considered and used when it is more economical than other options available. Other ground transportation would include, but is not limited to, hotel and airport shuttle services, buses, subways, and taxis.

Extravagant modes of ground transportation, such as limos, are not recommended and are generally not reimbursable. Additional costs incurred by opting more extravagant modes will be considered a personal expense of the traveler.

Employees traveling to the same location should share ground transportation whenever possible.

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### **3.0 Lodging Expense**

Travelers in official travel status are eligible for overnight lodging during the duration of the stated travel period for University business including one day prior to the event. Overnight lodging on the day the event ends is generally not reimbursable unless the traveler is unable to make same day return flights.

The traveler should use standard lodging accommodations at reasonably priced commercial class hotels and motels when making reservations. Alternative lodging accommodations, such as Airbnb, may be used if the cost is less than other available lodging for the particular area of travel. Travelers are expected to use negotiated or preferred rates whenever possible.

The University will provide lodging at single room rates for travelers. If the traveler opts for a room upgrade to accommodate a personal guest, the additional expense beyond the single room rate will be considered a personal expense of the traveler. Documentation of the single rate is required.

Allowable lodging expenses include charges for the room rate and applicable taxes only. Fees and tips given to porters, baggage carriers, hotel staff, and other gratuities that are usual and customary for services provided will also be reimbursed. Charges for personal items such as movies, recreational activities, and in-room mini-bar are not reimbursable and considered a personal expense of the traveler.

Travelers may retain rewards earned from frequent guest programs for personal use; however, participation in these programs must not influence hotel selection that would result in incremental cost beyond the preferred rate. Travelers will not be reimbursed for the value of any personal points used for University travel.

Normally reservations will guarantee a late arrival. If the traveler is unable to honor the reservation, it is the traveler's responsibility to ensure that the room is cancelled in compliance with the cancellation terms established by the hotel.

Lodging accommodations provided at the residence of a traveler's friend or relative will not be paid for by the University. Similarly, if a traveler stays with friends or relatives and wishes to provide gifts or meals as a courtesy, these expenses will be at the discretion of and the responsibility of the traveler.

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#### **4.0 Meal and Incidental Expense**

##### **4.1 Meal Expense**

Employees and students in official travel status are reimbursed the reasonable costs for meals (breakfast, lunch, and dinner) and other incidental expenses. Meal costs may include alcohol beverages, if appropriate; however, excessive alcohol purchases are not permitted. If the trip is being funded with grant dollars, no alcohol purchases will be reimbursed due to grant restrictions. The cost of meals may include market-appropriate incidentals. The University recommends 15-20% gratuity for meals.

Group meals while traveling on University business may also be reimbursable and should follow the meal guidelines herein.

Expenses must be adequately accounted for when submitting a reimbursement request or substantiating a procurement card charge. Required documentation includes an itemized receipt and the related customer copy. The itemized receipt is required to provide the detail of what was purchased, and the customer copy is required to document the amount of gratuity paid. A customer copy of the

credit card slip showing only the meal total, and gratuity is not sufficient. The names of the other attendees and an adequate business purpose for the meal must also be stated.

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## **4.2 Other Meals and Entertainment**

Meals consumed by an employee while traveling locally are not allowable business expenses according to the IRS. This does not include meals when an employee is dining or entertaining other individuals for business purposes. Refer to the [Business Meals and Entertainment](#) policy for meal expenses incurred while not in an official travel status or other entertainment expenses incurred in the normal course of business.

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## **5.0 Foreign Travel Considerations**

### **5.1 Foreign Currencies**

When requesting reimbursement for charges incurred as a result of foreign travel, all expenses must be converted from the foreign currencies to U.S. dollars.

Documenting the exchange rate should be completed the same day as the incurrence of the expense. It is the traveler's responsibility for obtaining and providing the exchange rate and applicable conversion within the related supporting documentation.

Travelers should use the following options when selecting a conversion rate:

#### *Credit Card Rate*

If the traveler charged expenses on a credit card, the credit card issuer will convert the amounts on the monthly statement. This is the most accurate rate, as it reflects what the traveler was charged. Additional fees charged by the credit card issuer for foreign currency transactions also may be reimbursed, if itemized and adequately documented.

#### *On-site Exchange Rate*

If the traveler converted dollars to a foreign currency while overseas, the traveler should have a written receipt that showed the actual exchange rate received. This single rate may be used for the entire trip, even though actual exchange rates vary daily, assuming the rate approximately reflects the approximate average for the trip.

#### *On-line Rate*

The traveler can also use an on-line currency converter such as <https://www.oanda.com/currency-converter> or [FiscalData.Treasury.gov](https://www.fiscaldata.treasury.gov).

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## **6.0 Travel Advance**

Travel advances are available for employees in limited circumstances to assist with incidental expenses while traveling. Advances are the sole responsibility of the traveler, and such funds should be safeguarded from loss or misuse.

Advances are most often used for group travel, international travel, or when significant out of pocket expenses are required of the traveler. Advances will not be issued for travel expenses that can be paid with a procurement card and/or direct payment methods.

Travel advances will be issued no more than thirty (30) days prior to trip departure.

Advances can be requested using the [Travel Advance](#) form. Advances must be adequately documented, and excess funds repaid within a reasonable period of time after the completion of the trip. If an advance is not adequately documented and excess funds repaid within a reasonable period of time, the University may withhold overpayments or unallowable charges from the employee's paycheck up to the amount permitted by federal law. Any excess payment not recovered by repayment or allowable payroll withholdings will be considered taxable income to the recipient under a non-accountable plan, subject to the required payroll tax withholdings and reported as taxable income on the employee's Form W-2.

Amounts owed the University cannot be carried forward to future expense reports. A second advance will not be provided until the first advance has been properly accounted for.

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## **7.0 Other Allowable and Nonallowable Expenses**

Other Expenses Generally Allowable (if necessary or required for business travel):

- Tips and Gratuities for baggage handling
- Airport Parking - Economy or Long-term
- Parking Fees
- Tolls
- Passports, Visas
- Registration fees and materials
- Business telephone and internet fees
- Required Immunizations or Vaccinations
- Departure Taxes
- Foreign Exchange Fees

Other Expenses Generally Nonallowable:

- Airport Lounges
- Baggage Insurance
- Personal Insurance
- Trip/Flight Insurance
- Personal Telephone or Internet Fees
- Child Care or Pet Care
- Commuting (between home and office location)
- Personal banking or credit card fees (i.e. annual fees, finance charges, penalties)
- Traffic Violations
- Personal Entertainment
- Personal Grooming or Health/Beauty Services
- Pet Boarding
- Spousal or Family Travel
- Valet Services (unless no other option is available)
- Laundry Services



- Recreational or Fitness Activities
- Auto Repair
- Mini bar expenses
- Fees for frequent flyer programs or hotel point programs

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**Last Review Date:** n/a

**Effective Date:** July 2022

**Resources and Related University Policies:**

- [IRS Pub 463 Travel, Entertainment, Gift, and Car Expenses](#)
- [IRS Standard Mileage Reimbursement Rate](#)
- [Transportation Policy](#)
- [Travel Expense Reimbursement Form](#)
- [Travel Advance Form](#)
- [Mileage log](#)