

TRAVEL EXPENSE POLICY

INTRODUCTION

STEP 1: TRAVEL PRE-APPROVAL

No travel arrangements are to be made prior to obtaining an approved travel pre-approval in place.

STEP 2: TRAVEL ARRANGEMENTS

It is the responsibility of the traveler to ensure all AU policies are adhered to during the travel process.

- I. SINGLE-DAY TRAVEL
- II. OVERNIGHT TRAVEL
- III. NONEMPLOYEE TRAVEL

STEP 3: TRAVEL EXPENSE REIMBURSEMENT

It is the responsibility of the traveler to obtain and retain receipts for registration, lodging, transportation costs, including baggage, and any extraordinary expenses incurred during the business trip. Traveler must complete and submit expense report within 30 days from return date. Failure to comply may result in forfeiture of reimbursable expenses.

- I. KEY COMPLIANCE MATTERS
- II. PER DIEM ALLOWANCE
- III. GUIDANCE FOR TRAVEL CANCELLATIONS

STEP 4: PAYMENT

Expense report is reviewed and audited by Financial Records. Financial Records have the authority to deny payments.

TRAVEL EXPENSE POLICY

INTRODUCTION

Scope

The travel policy applies to faculty, staff, visiting scholars, and non-Andrews University (AU) personnel traveling for the benefit of AU or using funds administered by AU. Due to budgetary constraints, some schools or departments of AU may have more restrictive controls on travel.

Policy Statement

AU leadership appreciates the efforts of those who travel on university business and wants to ensure that travelers are appropriately reimbursed for legitimate business expenses.

Travelers are expected to spend AU funds prudently (and in accordance with sponsor requirements when the travel is supported by a sponsor award), follow the travel policy, and obtain reimbursement for all expenses on a timely basis to meet compliance requirements. Business travel expenses will be paid by AU if they are reasonable, necessary, and meet policy and compliance requirements.

Reason for the Policy

AU's travel policy is designed to provide guidance for those traveling on university business and ensure the best use of university resources. AU receives, from a variety of sources, funds that carry with them fiduciary responsibilities. Inherent in these responsibilities is the requirement to operate the institution under guidance set forth by the Board of Trustees; to follow Generally Accepted Accounting Principles (GAAP); to comply with all applicable federal, state, local, and sponsor rules and regulations; and to maintain an IRS accountable plan.



TRAVEL EXPENSE POLICY

STEP 1: TRAVEL PRE-APPROVAL

All employee and nonemployee travel must be approved *prior* to incurring any expenses. No travel arrangements are to be made prior to obtaining a travel pre-approval. Travel pre-approval is obtained using Chrome River. Failure to comply may result in ineligibility of reimbursement of expenses.

Authorized Approvers

All overnight trips must be approved by direct supervisor and Dean or Vice President.

Day trips do not need travel pre-approval.

TRAVEL ADVANCES

AU does NOT issue cash advances. In rare instances, cash advances may be approved and issued by the Assistant VP for Financial Administration.

For the limited cases where a cash advance is necessary: A Cash Advance Application form must be submitted to the Financial Administration office ten (10) days before the cash is needed.

Accountable Plan Advances

Travel advances made under an accountable plan are not treated as wages and are not subject to income and employment taxes when they're paid. The advances must be paid for travel expenses related to the employer's business, substantiated by the employee, and any excess returned in a reasonable period of time. Treas. Reg. Section 1.62-2(c) If an employee does not substantiate expenses or timely return excess advances, the advance is includible in wages and subject to income and employment taxes no later than the first payroll period following the end of the reasonable period. Treas. Reg. Section 1.62-2(c)(3)(ii), (h)(2)

TRAVEL EXPENSE POLICY

STEP 2: TRAVEL ARRANGEMENTS

SINGLE-DAY TRAVEL

Definition

Single-Day Travel: Travel that exceeds an employee's normal commuting distance and lasting less than 24 hours, where no overnight stay occurred. Even if a traveler leaves one day and returns after midnight of the next day, same-day travel status applies unless the traveler has incurred overnight lodging.

Mileage

Non-commute travel that exceeds 5 miles per trip are reimbursable. Parking fees associated with university business travel are reimbursable. Bus, train, taxi, or similar mass transit costs are reimbursable where there is a business necessity.

Meals

Meals on single-day travels will not be reimbursed, except in circumstances listed below:

- a. Gone for more than 12 hours
- b. For business purposes such as workshops or conventions

Keep in mind, whenever meals are served at meetings, conferences, or on planes, the traveler shall not be entitled to meal allowance for those particular meals.

In accordance with IRS regulations, meals reimbursed for single-day travel are taxable to the employee. The value of the meal will be added to the next payroll cycle for that employee and appropriate taxes withheld.

Non-reimbursable Expenses

The following **will not** be reimbursed by AU:

- Any foods or drinks purchased during errands and/or purchasing supplies
- Fines for parking or moving violations
- Companion expenses
- Regular commuting mileage
- Fuel purchased (Please report mileage instead)

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OVERNIGHT TRAVEL

Definition

Overnight Travel: Travel that necessitates overnight lodging.

Transportation

1. Air travel and airport parking

a. Airline ticket

Air travel arrangements are to be reserved at least one month in advance of the travel date if possible and in the most economical class available. University related air travel must follow the most direct and economical route to the desired destinations.

AU encourage the use of an AU corporate card whenever possible. If you do not have an AU corporate card, please use department supervisor's corporate card to make the purchase on your behalf.

AU will not reimburse use of personal frequent flyer reward that is used for business purposes.

b. Unallowable upgrade fees

AU will not reimburse for business and first-class tickets. Additionally, AU will not reimburse any airfare upgrade fees, such as seat upgrade fees. Upgrading is a personal choice, AU does not reimburse for it. Employees who get upgrades have to pay for the difference out of their own pocket.

c. Other unallowable expenses:

- No early boarding fees
- No travel insurance fees
- No premier or club membership
- No excess baggage. Baggage fees that are reasonable and appropriate for the purpose and length of the trip are reimbursable.
- No reimbursement of loss or theft of cash advance money, personal funds, personal properties (luggage, briefcase, etc.)
- No personal reading materials
- No mini bar charges
- No movies or entertainment fees
- No inflight or airport Wi-Fi (see Wi-Fi section)
- No spas, massages, shoe shine, laundry, or souvenirs

d. Business with personal travel

If airfare includes personal/vacation travel, traveler needs to provide comparison documentation of business only costs (see example). This comparison should be included with the travel pre-approval form when submitted for approval. AU will pay the lower.

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e. Transportation to and/or from airport & airport parking

i. *Personal vehicle*

When using personal vehicle, documentation of mileage must be provided for reimbursement.

No valet parking allowed. Employee must use the most economical option at or near the airport. Actual parking fees will be reimbursed upon presentation of receipts. When traveling for more than 10 days, employee should consider being dropped off. Parking will be capped at \$30/day which includes fees and taxes (subject to change based on Executive Council review).

ii. *Other methods*

Any other method of travel to/from the airport may be used (Taxi, shared ground transportation, etc.). Reimbursement of travel to/from the airport will be capped at the equivalent of 125% of round-trip mileage* from AU campus to/from the airport (per trip). Receipts must be attached for reimbursement.

Airport	Miles Round trip	Capped Reimbursement
South Bend	50	\$ 35
O'Hare	250	\$ 160
Midway	230	\$ 145
Grand Rapids	220	\$ 140
Kalamazoo	130	\$ 85
Others	Maximum 125% of actual mileage	

*Based on current mileage rate (Fall 2022), subject to change.

iii. *AU Transportation*

If AU Transportation is used, it will be billed directly to the appropriate department.

2. Car Rental

You are expected to use the lowest economy rental car that meets your business needs. Rental car and gas costs will be paid/reimbursed if reasonable and supported with receipts. You are advised to investigate the fuel policy of the rental agency to avoid excessive refueling charges upon return of the automobile.

a. General Conference (GC) discount

When on university travel, employee may use the GC purchasing website to get discounted rates. <https://www.adventistpurchasing.org/travel/>

TRAVEL EXPENSE POLICY

b. Unallowable expense:

- No Collision Insurance or Loss/Damage Waiver. It is the employee's responsibility to inspect the vehicle before leaving and returning to the rental lot.
- No roadside assistance coverage
- No luxury cars
- No extra equipment rentals: GPS, satellite radio, etc.
- No excessive fueling charges because employee forgot to refuel
- No traffic citations, moving violations, parking tickets, court fees and other fines

c. Auto Insurance

AU provides a copy of hired auto insurance card for business travel. The card can be obtained from Risk Management. When using the AU auto insurance card, the rental car contract must include "Andrews University" along with the traveler's name.

d. Toll

Employee is to explore options for toll expenses and use the most economical alternative. When traveling, plan ahead and check to see if there are tolls in the area you are traveling.

3. Personal Car

To obtain mileage reimbursement, an expense report must be completed stating the destination, date and actual mileage traveled. Mileage reimbursement may never exceed the cost of available alternate transportation, i.e. the reimbursement for mileage cannot exceed the lowest train or airfare available. In cases where the employee elects to drive rather than travel by plane or train, the lower of the available alternatives will be reimbursed to the employee. Employee needs to provide comparison documentation. This comparison should be included as supporting documentation when requesting reimbursement. Employees cannot request mileage reimbursement and charge for gas. The mileage rate includes compensation for gas and depreciation.

a. Unallowable expense:

- No traffic citations (moving violations), parking tickets, court fees and other fines
- No fuel purchases for use of personal vehicle
- No reimbursement of loss or theft of cash advance money, personal funds, personal properties

b. Auto Insurance – Personal Vehicle

It is important for employees to be aware that AU's commercial automobile insurance policy provides liability coverage on a secondary basis only when the employee uses a personal vehicle while traveling on university business. Since the vehicle owner's insurance policy always will provide the primary liability coverage, AU's policy will provide coverage only after the limits of the primary insurance policy are exhausted. AU will not provide reimbursement for the deductibles associated with the primary insurance under these circumstances.

TRAVEL EXPENSE POLICY

AU's commercial automobile policy cannot provide collision or comprehensive coverage when an employee's vehicle is used for business travel. The vehicle owner's policy will provide the only coverage for these types of claims. AU will not reimburse for these losses.

4. Other Ground Transportation (Bus, Train, Shuttle, Taxi, Etc)

The traveler should exercise reasonable judgment and choose the most economical ground travel option available. In cases where the employee elects modes of travel other than flying, the lower of the available alternatives will be reimbursed to the employee. Employee needs to provide comparison documentation. This comparison should be included as supporting documentation when requesting reimbursement.

Travelers may use other services such as Lyft and Uber as long as the total cost of such services is comparable to other ground transportation options. Travelers need to be aware that there is no guarantee of safety when using such services.

Travelers will be reimbursed for bus, subway, or other mass transportation, shuttle, taxi fares, or private car service plus reasonable tips when necessary for business purposes.

Travelers should obtain a receipt from the driver or transportation company.

5. AU Transportation

See AU Vehicle Use Policy

Lodging

Employees are expected to choose lodging accommodations that are reasonably priced. Always request a nonprofit/educational discount when available and provide tax-exempt number to ensure no sales tax is charged. AU will not reimburse you for use of personal points or rewards that are used for business purposes.

1. Hotels/motels

Lodgings of modest cost should be selected and the choice should not be influenced by offers of free trip plans, bonuses, or other allowances. Reimbursement includes actual cost for room and taxes (hotel folio required). **Any personal incidental charges on hotel bills such as personal phone calls, laundry, meals, tips, and etc. should be cared for using personal funds.**

Because of regional variances in hotel chains and costs, it is not practical to recommend specific dollar amounts or chains for use by employees. Rather, each employee and supervisor should review the lodging of choice for the territory, taking into consideration cost, safety, reasonable amenities, and commuting time. Financial Records department is authorized to question the reasonableness of the purchase and to deny payments. Please include explanation for any unusual charges/circumstances when submitting expense report.

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Pre-authorization from Financial Administration is required for the use of rental homes (Airbnb, VRBO, etc.) and is only allowed for group travel.

2. Staying with friends and relatives

When it is convenient and preferred by the employee, staying with friends or family can save the university money. When approved by the Department Head prior to the trip, the reasonable cost of a gift (under \$100) or one meal in return for such hospitality is reimbursable. Cash or cash equivalent such as gift cards and gift certificates will NOT be reimbursed. The cost of such gift or meal must be supported by a receipt and clearly explained on the travel report. The cost of the meal or gift plus any additional transportation costs must never exceed the cost of standard accommodations at the business destination.

Meals

Per diems may be reported in instances of domestic and international business travel. A per diem may not be used on business trips where there is not an overnight stay, please refer to Single-Day Travel section.

When meals are provided, the daily meal per diem must be reduced accordingly. If there is a business justification provided regarding dietary restrictions that cannot otherwise be accommodated, the traveler may be reimbursed.

1. Meals for single-day travel

Refer to Single-Day Travel section of the Travel Expense Policy.

2. Business meals during travel

When entertaining others for a business purpose during travel, a deduction must be made from the per diem rate.

3. Meals during business conferences/meetings

When meals are included in conference registration fees or hotel rates, a deduction must be made from the applicable per diem rate. Refer to Business meal and Business Entertainment Policy.

Internet Connectivity Fees

1. Hotel internet

Internet connection/Wi-Fi fees for hotels are allowable expenses only if used for university business. The maximum amount is \$10.00/day.

2. Inflight internet

Inflight internet fees are strongly discouraged. Reasonable in-flight internet connectivity fees may be permitted for international flights only if there is a business need—please note the business need in the expense report. Subscriptions to in-flight services, such as GoGo, are prohibited expenses.

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Travel Insurance (added 05/11/2022)

1. International short-term travel insurance

If traveling internationally with students on university tours, the travel group leader is required to purchase the Short-Term Travel Insurance from Adventist Risk Management (ARM) for all participants. No other provider allowed. No travel insurance from airlines, etc.

If traveling internationally without students on university business, an employee is recommended, but not required, to purchase the Short-Term Travel Insurance from ARM. It is recommended because it covers emergency evacuation as well as other beneficial benefits.

Keep in mind that is different from the travel insurances provided by airlines. **Travel insurances for flights from airlines are not reimbursable.**

2. Domestic travel insurance

No travel insurance is reimbursable for domestic trips.

Employee spouses or other family member

Additional costs for travel, lodging, meal or other travel expenses for spouses or other family members will not be reimbursed unless the individual has a bona fide university purpose for engaging in the travel or attending the event.

Administrator spouse

President, VPs and Deans are eligible for *spouse* travel reimbursement once per year. This benefit is nontransferable to other family members. Per IRS regulations, all reimbursed travel expenses for an employee's spouse are reported as taxable income on the employee's W2. Eligible expenses for a spouse are limited to airfare and per diem.

TRAVEL EXPENSE POLICY

NONEMPLOYEE TRAVEL

Travel expenses may be reimbursed to nonemployees such as: guest speakers, visiting scientists, independent contractors, prospective candidates for employment, university volunteers, etc.

AU encourages departments to use AU corporate credit card to make travel arrangements for nonemployees. Travel expenses incurred by nonemployees will be reimbursed only at the conclusion of their travel.

Travel expense reimbursements will be limited to mileage, transportation, lodging, meals, and event registration. **Nonemployees should follow AU employees' travel policies**, unless otherwise stated below.

Mileage

Nonemployees are reimbursed for mileage at the same rate as AU employees.

Transportation and Lodging

Nonemployees may be reimbursed for the actual cost of their transportation and lodging expenses by providing receipts.

Additionally, visiting guest should be housed with on campus convention services as long as space is available.

Meal Allowance

1. Day trip

Single day trips are not eligible for per diem but a department may agree to reimburse meals at actual cost up to the appropriate per diem rate. This is allowable if an original receipt is used as support. See 'Single-Day Travel' section.

2. Overnight trip

For trips that require overnight travel, per diem may be paid to nonemployees where the per diem rate is based on the rate schedule established by AU. If the nonemployee is reimbursed for meals based on per diem, no receipts are required.

No reimbursement for alcoholic beverages is allowed.

Excess Travel or Other Expenses

Travel expense reimbursements to nonemployees that are in excess of the rates and policies allowed by AU, or entertainment and other expenses that do not fit in the travel category will not be reimbursed.

Insurance

Nonemployees are responsible for their own insurance costs.

TRAVEL EXPENSE POLICY

International Visitor Travel

To avoid reimbursement complications and tax penalties, please contact the Financial Records accountant in charge of payments to nonresidents before making any arrangements for foreign visitors.

Nonemployee Spouses or Other Family Member

Additional costs for travel, lodging, meal or other travel expenses for spouses or other family members will not be reimbursed.

TRAVEL EXPENSE POLICY

STEP 3: TRAVEL EXPENSE REIMBURSEMENT

KEY COMPLIANCE MATTERS

AU follows the accountable plan. In order to have an accountable plan, the IRS and Federal regulations require certain standards to be met when documenting, recording and submitting reimbursable expenses. These include:

1. Substantiation: The employee must substantiate his or her business expenses by providing the employer with evidence of the amount, time, place, and business purpose of the expense. The employee also must submit business expenses within a reasonable period of time after they occurred
2. Business connection: Documenting the specific business purpose of an expense.
3. Providing receipts and proof of payment.
4. Returning excess reimbursements or advances within a reasonable period of time. IRC Section 62(c); Treas. Reg. Section 1.62-2(c)(2)

Reimbursement Submission Time Limit

The IRS requires employee travel expense reimbursements to be reported within a reasonable period of time. The determination of a reasonable period of time will depend upon the facts and circumstances, but is generally held to be no later than 60 days after the date of the expense.

In addition, in order to adhere to Generally Accepted Accounting Principles, the traveler should be mindful of AU's April 30th fiscal year end, and all expenses for that year should be reported prior to year-end to ensure that the expense is appropriately captured in the financial statements and in the department's budget for the appropriate fiscal period.

Expense reports should be submitted to Financial Records within 30 days from return date but NO LATER than 60 days from return date. Reimbursements submitted after 60 days from the date of return may be ineligible for reimbursement and considered taxable income by the IRS.

Documenting Business Purpose

All expenses must be for a valid business purpose that is necessary and reasonable in order to conduct university business. A business purpose must be documented for all expenditures for which a traveler is reconciling or requesting reimbursement.

Business purpose must be specific. "Travel to Chattanooga, TN to speak at Financial Records conference" is an appropriately documented business purpose. "Travel to Boston for conference" is not. The business purpose of an expense may be obvious to the traveler, but not to a third-party reviewer. Your documentation needs to make it clear to the reviewer who may not be familiar to AU (eg. IRS agent). See examples below.

TRAVEL EXPENSE POLICY

Departments need not repeat information in the business purpose that is already included in the transaction or other supporting documentation. Rather, to comply with policy, the justification <i>must provide an explanation about the allowability, reasonableness, and benefit to the University not already apparent</i> within the transaction or supporting documentation.	
Unacceptable Version of Business Purpose	Detailed Version of Business Purpose
Presented at SBL conference	Presented a paper at the Society of Biblical Literature to share research with colleagues
Meal with colleagues	Business meal with John Smith, guest speaker from Hope College and Mary Jones, AU chaplain
External Hard Drive	Portable USB Flash Drive needed for field research when away from the office
Lunch with donor	Lunch with donor (Bob Clark) to discuss giving opportunities in support of the building campaign.
Research collaboration	Various trips throughout South America to research rural education practices to provide data for journal publications titled "Improving Rural Education Systems".
Conference	Attended the American Society for Clinical Laboratory Science annual conference to keep up on current trends and for professional development.
Membership	This membership will provide certification for a program that I need in order to successfully complete my research work.

See [Business Purpose Explanation & Example link](#)

Receipt guidelines

The traveler is expected to obtain receipts for all expenses for which they plan to request reimbursement. A receipt may take many forms (i.e. cash register receipt, copy of an order form, web receipt or confirmation).

A receipt must identify:

- **date of purchase**
- **vendor name**
- **item(s) purchased**
- **price of each purchased item(s)**
- **total amount of bill**
- **method of payment**

If the traveler is unable to obtain a receipt that contains all the required information, documentation should be submitted to demonstrate as many of the required items as possible. A copy of the traveler's credit or debit card statement identifying the date, location and amount of the expense, or a rental agreement, may be submitted along with a description of the purchase, identifying the amount of any expenses to be segregated (e.g. personal items).

If the traveler is unable to provide any documentation as mentioned above, a Missing Receipt Affidavit Form ([Missing Receipt Affidavit Form link](#)) must be completed.

TRAVEL EXPENSE POLICY

PER DIEM ALLOWANCE

All per diem is for overnight or longer trips only. If traveler is away only for one day, please see “SINGLE-DAY TRAVEL” policy.

Per diem is for traveler only.

3 Meals	\$45.00 / day
2 Meals	\$35.00 / day
1 Meal	\$25.00 / day
Fully Entertained	\$15.00 / day
Travel day*	\$34.00 / day

*Per the IRS, traveler may receive $\frac{3}{4}$ or 75 percent of the per diem for each calendar day they are in travel status. FTR Chapter 301, Subchapter B, Part 301-11, Per Diem Expenses and IRM 1.32.11.5.2

For travel days (departure and return), per-diem will be adjusted accordingly. When meals are included in conference registration fees or hotel rates, a deduction must be made from the applicable per diem rate.

When entertaining others during travel, please see “BUSINESS ENTERTAINMENT” policy.

Example:

1. When breakfast is provided by the hotel and for lunch *or* dinner you are entertaining others for business purpose, please use the one meal rate.
2. When breakfast is provided by the hotel and for lunch *and* dinner you are entertaining others for business purpose OR when all three meals are provided by hotel or business entertainment, please use the fully entertained rate.
3. For travel days, your per diem will be adjusted to $\frac{3}{4}$ or 75 percent of the per diem rate.

TRAVEL EXPENSE POLICY

GUIDANCE FOR CANCELLED TRIPS

Reimbursements for Cancelled Travel

If a trip must be cancelled or changed, the traveler must make every effort to cancel/change any travel reservations, receive a full refund, and/or have any cancellation fees waived. If you are unsuccessful at having charges waived or refunded, you may be reimbursed by filing a travel expense with adequate supporting documentation showing the request was denied.

Otherwise, costs incurred by a traveler's failure to cancel reservations in a timely fashion are the responsibility of the traveler and will not be reimbursed by AU.

Traveler Responsibility

- **Traveler must return refunds to AU**, if previously paid by AU.
- For travel expenses paid by AU, refunds granted in the form of a voucher for later use must be tracked by the traveler and used for university business travel as soon as possible.
- Traveler must collect and maintain documentation about the refund/credit request and outcome.

TRAVEL EXPENSE POLICY

STEP 4: PAYMENT

Expense Report is reviewed and audited by Financial Records. Financial Records has the authority to request further documentation or deny payments.