



Hello and welcome to an overview of the Business & Travel Expense Policy. This overview is intended to provide information that you may need to know when dealing with University business and travel expenses, but will not cover each and every detail of the policy. We would encourage you to also read and become familiar with the policy document which is available on the Business and Travel Expense website.

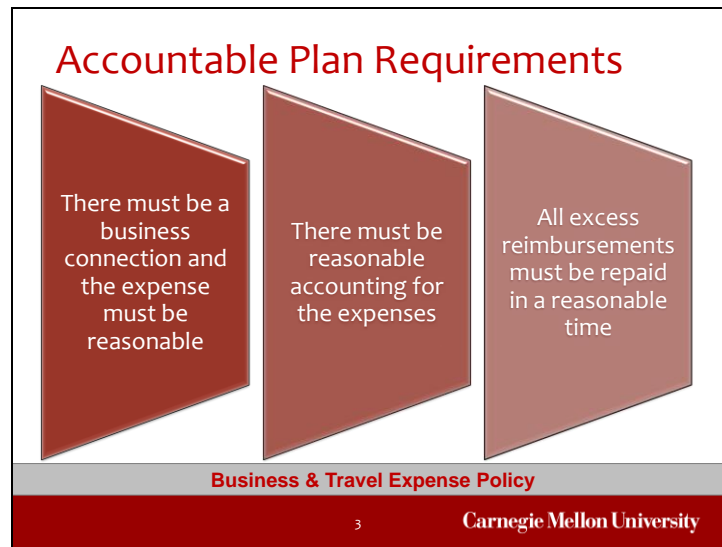
Agenda

- General Concepts
 - Accountable Plan
 - Reimbursable/Unallowable
 - Business and Travel Expense Policy Exceptions
- Roles and Responsibilities
- Business and Travel Expense Policy Overview
- Auditing of Expense Transactions

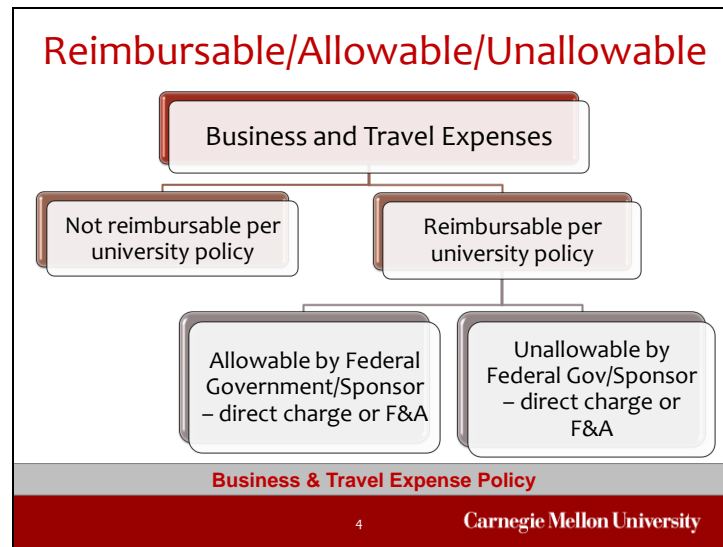
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This presentation will begin with an explanation of some of the general concepts included in the business and travel expense policy. Next, we will review the roles and responsibilities that are defined in the policy and then provide an overview of some of the key components of the business and travel expense policy. Finally, we'll conclude with a high-level description of the process related to auditing expense transactions.



Let's begin with one of the underlying concepts of the Business and Travel Expense Policy which is that the policy must meet 'Accountable Plan Requirements'. Having an "Accountable Plan" (as defined in IRS Regulations) allows the University to exclude reimbursements from income for tax purposes provided the university maintains an expense policy under which employees and non-employees must account for all business expenses and travel expenses, advances, and allowances. The specific requirements of an accountable plan include the following: Expenses must have a business connection and must be reasonable, there must be reasonable accounting for expenses and proper documentation, and any expense reimbursements or advances must be repaid in a reasonable amount of time. What does this mean to you? If the requirements of the accountable plan are not met any expense that is reimbursed back to you would be considered taxable income.



Repeated throughout the policy is the concept that certain expenses may be unallowable. It is important to separate the idea of unallowable from being not reimbursable. An expense can fall outside of this Business and Travel Expense policy and so therefore not be reimbursable. Then there are expenses that can be reimbursed per the university policy but while they are reimbursable per the policy, they will either be allowable or unallowable to be charged to the federal government or a sponsor either directly or indirectly through F&A. It is critical that expenses that are not allowed to be charged to the federal government or to our sponsors – either directly or indirectly – are accounted for correctly in order to comply with federal regulations and sponsor terms and conditions. The policy identifies the types of expenses that are generally considered to be unallowable and these will be pointed out through this presentation.



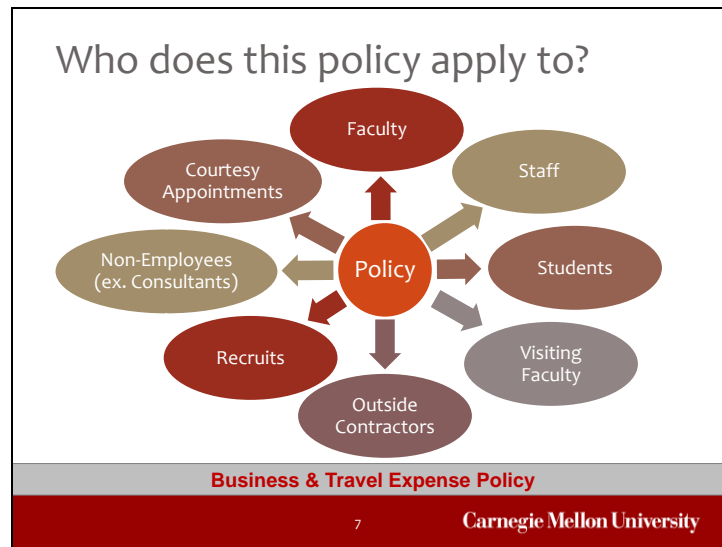
Finally, you should know that while the expectation is that the Business and Travel Expense Policy represents many of the expenses individuals may encounter in conducting university business, it is not reasonable to assume that all circumstances have been anticipated. Therefore, throughout the policy, there has been an attempt to recognize that exceptions to this policy will exist. Per the university's policy, in order to have an exception granted, there must be approval by the designated departmental finance representative, a vice-president, the department's dean, the provost, or the president and exceptions should be documented and this documentation should be submitted during the expense approval process. The processing or approving of policy exceptions may be an area that your department or division may have chosen to develop specific guidelines, processes, and procedures around that are specific to their areas.

To clarify the term of 'Designated Departmental Finance Representative' or 'DDFR' as you may hear it called, this is essentially an individual within your department and/or division who has been granted the authority to approve policy exceptions. This person generally has job responsibilities that entail fiscal and budgetary management and will follow this Policy in a manner that keeps expenses to a minimum and fairly assigns the costs of business-related activities to the university. Requests for exceptions to the Business and Travel Expense policy should always be directed to the Designated Departmental Finance Representative first. While exceptions can be requested, the expectation is that there must be budget dollars available to support the exception.

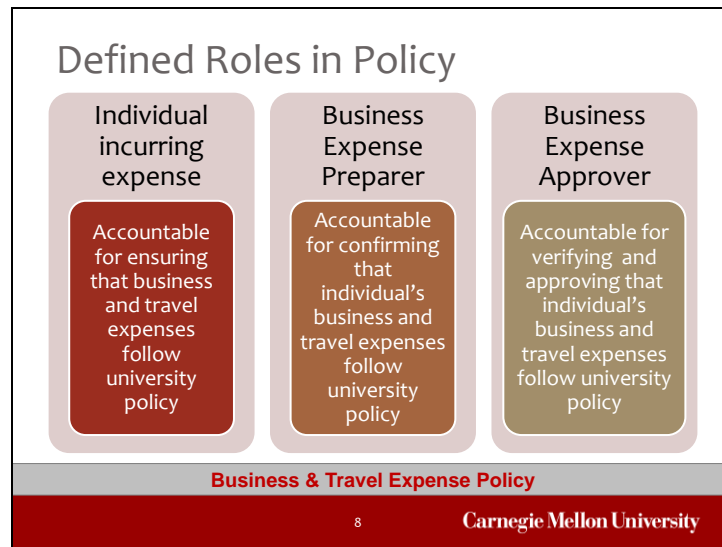
To determine whether or not your department and/or division has developed guidelines, processes, or procedures that are specific to your area in relation to business and travel expenses, please contact your department's business manager.



This section will provide information on who the expense policy applies to and defines their roles and responsibilities.



The policy is applicable to all who would incur expenses related to doing business with or for the university – from employees to non-employees, students to recruits, visiting faculty to those with courtesy appointments.



There are essentially three roles associated with expenses at the university. There are those who incur expenses, those who prepare expense reports or purchasing card verification reports and allocate the expenses to the appropriate account strings, and finally there are those who approve the expenses. Regardless of which role you play, you are accountable for ensuring, confirming, verifying, or approving that the expenses incurred are in accordance with the Business and Travel Expense policy and sponsor requirements or federal regulations.

Individual Incurring Expense

Responsible for ensuring that :

- Expense has a valid business purpose;
- Proper Oracle account allocation, business justification and supporting documentation (e.g., receipts) has been provided to the business expense preparer;
- Proper approval for upgrades, exceptions have been obtained and have been provided to the business expense preparer;
- To the best of their knowledge, the expense is in compliance with the policy and sponsor requirements/federal regulations (if applicable).

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Each role has specific responsibilities per the Business and Travel Expense policy. For those incurring expenses, the critical responsibility is to ensure that the expense is related to a valid business purpose. Additionally, it is the individual's responsibility to provide all supporting documentation – including all receipts, business justifications, the correct Oracle account strings, and all approval documentation for any expense exceptions – to the person preparing the business expense transaction.

Business Expense Preparer

Responsible for ensuring that :

- Proper business justification and supporting documentation (e.g., receipts) has been received from the individual requesting reimbursement or incurring the expense;
- Mileage and per diem calculations are accurate;
- Proper approval for upgrades, exceptions has been received from the individual requesting reimbursement;
- There is proper allocation to the Oracle account string.

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For those who prepare expense transactions, the responsibilities include ensuring that supporting documentation - including all receipts, exception approvals, business justifications – have been provided by the individual who incurred the expense. Additionally, the preparer is responsible for the accuracy of the dollar amounts entered or calculated for each expense (for example, mileage and per diem amounts), and for properly allocating each expense to one, or multiple, Oracle account strings.

Business Expense Approver

Responsible for ensuring that :

- Expense has a valid business purpose;
- There is proper supporting documentation (e.g., receipt) for the expense;
- Mileage and per diem calculations are accurate;
- There is proper department approval for upgrades, exceptions;
- There is proper allocation of the Oracle string;
- To the best of their knowledge, the expense is in compliance with the policy and sponsor requirements/federal regulations (if applicable).

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Finally, the business expense approver is responsible for ensuring that each expense has a valid business purpose and is supported by the proper documentation, that all amounts and calculations are accurate, that departmental approvals have been obtained when necessary, and that the Oracle account allocation is correct. Approving an expense indicates that to the best of their knowledge the expense is in compliance with the policy and sponsor requirements or federal regulations.



At this time, we will review many of the components of the Business and Travel Expense Policy. Please keep in mind that this presentation is meant to serve as an overview and that more details are provided in the actual policy document itself.

Sharing Expenses

Sharing Expenses with External Organizations	• CMU will reimburse individual for share of actual expenses attributable to CMU business
How to fulfill the receipt requirement if sharing expenses?	• Duplicates/Copies of receipts (vs. original) are acceptable if expenses are shared and other organization requires original receipts
<i>Note: Justification must contain a detailed explanation of which organization is paying which expenses</i>	

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When expenses are shared with external organizations, the amount of the expense that can be attributed to CMU business is the amount that can be reimbursed by CMU. In this situation, from a receipt perspective, it is appropriate to submit to CMU copies of receipts, rather than original receipts, if the organization that is sharing the expenses requires the original receipts. It is important to note that the justification should include a detailed explanation of which organization is paying for which expenses.

Sales Tax

Most CMU goods and services expenses are exempt from sales tax as long as:

- Purchases are made via Purchase Orders or PCard **AND**
- Sales tax exemption certificate/number is provided to vendor

Standard Exceptions to Sales Tax Exemption: Hotel occupancy, Allegheny County alcohol tax, non-US locations, some states

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Sales tax is a topic that is often confusing when dealing with business and travel expenses. It is important to understand that CMU is exempt from most sales tax if the following two conditions are met: (1) a purchase is being made via a university purchase order or purchasing card AND (2) the sales tax exemption certificate or number is provided to the vendor. The university's sales tax exemption certificate is now available on the Taxation department's website to download and print. There are some types of taxes to which CMU's sales tax exemption does not apply like hotel occupancy taxes, the Allegheny county alcohol tax, etc. You can find more information about the University's sales tax exemption on the Taxation department's website.

Paying Sales Tax with Personal Funds

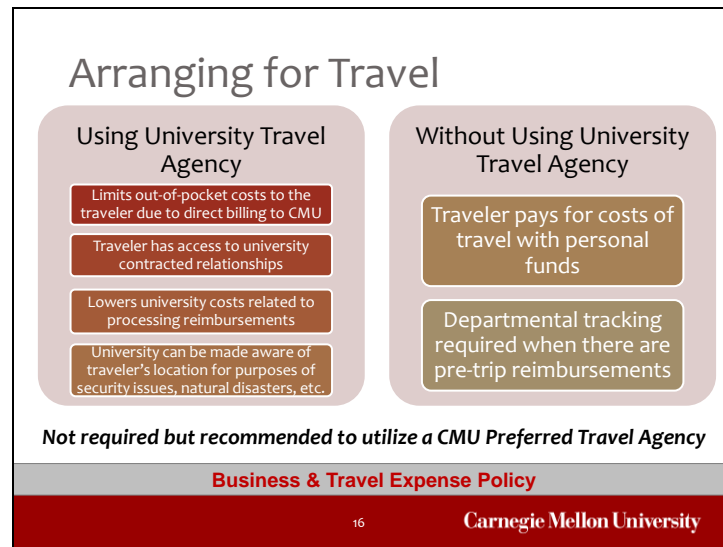
Sales Tax incurred and paid for using personal funds during <i>business travel and meals</i> ?	• Reimbursable
Sales tax on other types of business purchases paid for using personal funds?	<ul style="list-style-type: none">• Provide a description supporting the business purpose as to why the sales tax was paid• Subject to approval from the designated departmental finance representative

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If you are using your own funds, you cannot use CMU's sales tax exemption to avoid paying sales tax on a purchase. So, the question becomes, what if you're making business purchases with personal funds (and therefore can not claim the University sales tax exemption) and you are charged the sales tax? Will you be reimbursed for the sales tax you paid? For certain types of expenses, the answer is 'Yes'. If you use your personal funds and you incur expenses while traveling for business or for business meals, the university will reimburse you for the sales tax that you may have been charged. However, what if you are assessed sales tax when purchasing business items when using personal funds? In this situation, a description supporting the business purpose as to why the sales tax was paid must be provided and your designated departmental finance representative can determine whether or not the sales tax amount will be reimbursed.

Please note that claiming CMU's sales tax exemption when using personal funds is illegal and puts the university at risk for losing our sales tax exemption status.



Expenses related to travel make up much of the university's expense volume, so let's talk about some ways to go about arranging travel.

When planning travel related to CMU business, it makes sense to consider using the university's preferred travel agencies to limit the traveler's out-of-pocket expenses and the universities reimbursement processing costs due to the direct billing relationship CMU has with the preferred agencies. The preferred agencies offer travelers access to the university's contracted relationships and they can also make the university aware of any CMU traveler that may be impacted by a natural disaster or a security issue.

If you choose to make travel arrangements without the use of one of the preferred travel agencies, the expenses incurred can be submitted for reimbursement either prior to the actual trip or within 30 days after the trip. However, departments are required to track any pre-trip reimbursements made to employees to ensure that the trip occurs as planned.

What you need to know if you are flying . . .

Who is paying for the airfare and related charges?	<ul style="list-style-type: none">• If charging to federal funds, must use a US flag carrier to the extent possible (Fly America Act)
What kind of airfare can be purchased – coach/business/first class?	<ul style="list-style-type: none">• Class of airfare chosen should be the lowest price coach
Is first class and/or business class reimbursable?	<ul style="list-style-type: none">• Yes - if traveler is flying overnight (red-eye) or if flight is more than 8 hours AND if approved as exception by designated departmental finance rep• Must be permitted by sponsor if sponsor is funding the airfare expense

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If you need to fly as part of your business travel, the first thing to consider is who will be paying for your airfare expense? If you will be charging your airfare to federal funds, per the 'Fly America Act' you must use a US flag carrier, to the extent possible. If you have any questions about how to interpret regulations related to federal funds, you should contact the Sponsored Projects Accounting Office.

A common question is 'What kind of airfare can I buy?' The answer is that the lowest price coach airfare should be purchased. However, there are certain scenarios where premium airfare - business class or first class - would be considered reimbursable if it is approved as an exception by the departmental approver prior to the trip. Specifically, if a flight requires the traveler to fly overnight (for example, taking the red-eye) or if the flight is longer than 8 continuous hours, first class or business class is reimbursable with documentation of departmental approval. Also, if the airfare expense is being funded by a sponsor, the sponsor must permit first class or business class travel.

What you need to know if you are flying . . .	
Related Charges	Reimbursable – Yes/No/Departmental Approval
Standard Baggage Charges	Yes
Excess Baggage Charges	Dependent on business purpose and departmental approval
Upgrade Charges	Dependent on business purpose & departmental approval
Airport Parking	Yes – low cost alternatives are recommended
Change Fees (earlier/later flights)	Dependent on cost/benefit justification and departmental approval

Other expenses that are associated with flying can be seen in this chart with an idea of whether the expense is reimbursable under the policy or reimbursable as an exception. Please note, there must be a business purpose or justification provided and departmental approval in order to substantiate the exception approval request.

What you need to know if you use your own vehicle . . .

- Use of a personal auto is reimbursable based on the IRS mileage rate, actual driving distance, and most direct route.
- IRS mileage rate includes the cost of gas, repairs, and personal auto insurance.
- Tolls and parking fees are reimbursable while parking tickets, fines, etc. are not.

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When the use of a personal vehicle is necessary for university business, please note that the university will reimburse your costs using the mileage rate established by the IRS and the reimbursement will be based on the number of miles driven for the business purpose. It is expected that the mileage reported for reimbursement will be the actual driving distance and it assumes that the most direct route was taken to and from the destination. The mileage rate provided by the IRS incorporates the cost of gas as well as a few other things – like repairs to your vehicle, and personal auto insurance. Therefore, if you use your own vehicle, you will not be reimbursed for expenses related to those types of items. Additionally, any tickets or fines incurred while traveling on University business will not be reimbursed. However, expenses related to fees for parking or tolls are reimbursable.

The infographic is titled "Employees renting a vehicle in the U.S." and is divided into two main sections. The first section, titled "How should I go about renting a vehicle?", is in a dark red box and lists two bullet points: "Use one of CMU's preferred suppliers when arranging for vehicle rental" and "Standard vehicles are recommended". The second section, titled "Are upgrades reimbursable?", is in a tan box and lists one bullet point: "Yes - if the expense is approved by the designated departmental finance rep and a detailed explanation of the business reason for the upgrade is provided". At the bottom, there is a grey bar with the text "Business & Travel Expense Policy" and a red bar with the text "20 Carnegie Mellon University".

Employees renting a vehicle in the U.S.

How should I go about renting a vehicle?

- Use one of CMU's preferred suppliers when arranging for vehicle rental
- Standard vehicles are recommended

Are upgrades reimbursable?

- Yes - if the expense is approved by the designated departmental finance rep and a detailed explanation of the business reason for the upgrade is provided

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If you need to rent a vehicle when traveling on university business, there are a few questions that generally come up. You should know that CMU has preferred vendors for car rentals and the use of these vendors does provide you with a discount. If you ever wonder what size of vehicle you should rent, compact or standard vehicles are the recommended option, however upgrades are reimbursable if the expense is approved by your designated departmental finance representative. If an upgrade is approved, the detailed explanation for the upgrade should be included in the business justification.

Rental Insurance

Should I purchase rental vehicle insurance when renting in the U.S.?

- No - Charges should be waived by rental agency

Should I purchase rental vehicle insurance when renting outside of the U.S. (U.S. territories/ Puerto Rico/Canada)?

- Encouraged to purchase any auto insurance related to liability and physical damage that is required by the specific country
- Personal effects coverage and personal accident insurance will not be reimbursed

Note: Consult Office of Risk Management with questions about rental vehicle insurance.

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As for the rental vehicle insurance, while the rental agents will attempt to sell this to you, you should not purchase the insurance from the rental agency. The rental agency should waive the charges and indicate that you've declined coverage. The Office of Risk Management can provide additional information if you have any questions.

What about if you are not renting a vehicle in an area where the US auto insurance policy applies? If this is the case, you are encouraged to purchase any insurance that is required by the specific country that covers liability and physical damage and you would be reimbursed accordingly. Please note that expenses related to personal effects coverage and personal accident insurance are not reimbursable. Questions related to vehicle rentals, either domestic or international, should be directed to the Office of Risk Management.

If traveling via Ground and/or Rail	
Taxis/Shuttles	Rail
<ul style="list-style-type: none">• Taxi and shuttle fares plus tip are reimbursable if expense is incurred due to business purposes	<ul style="list-style-type: none">• The class of rail travel chosen is expected to be the lowest-price coach rail ticket available; premium fares are subject to budget availability and approval
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Expenses related to taxis or shuttles are reimbursable under the expense policy if the service relates to a business purpose.

Expenses related to traveling by rail will be reimbursed as long as the class of rail travel chosen is the lowest-price coach rail ticket available. In some cases, premium (for example, first class) fares may be an appropriate business expense. If so, travelers are encouraged to request approval for the premium fare from the designated departmental finance representative. Any guidelines or procedures established by your department must be followed as well.

What about Foreign Travel?

- Same general policies apply to foreign travel
- Countries where travel advisories have been issued can be found on the U.S. State Dept website
- Foreign travel funded by sponsored grant/contract may require approval prior to travel
 - Check with designated departmental finance representative on questions/interpretations of restrictions

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Expenses incurred as a result of traveling abroad are governed by the same policies that govern expenses incurred while traveling domestically. If you are traveling abroad please be aware of any travel advisories that are issued by the U.S. State Department, which can be found on their website at travel.state.gov. Also, as a reminder, if your foreign travel will be funded by a sponsored grant or contract, you may need to receive prior approval of your travel from the sponsor. Please check with your designated departmental finance representative for guidance related to questions or interpretations of Federal or sponsor restrictions. Your designated departmental finance representative may need to consult with the Sponsored Project Accounting Office for guidance.

Per Diem: What it is, Where it comes from, and Who can use it	
What is a per diem?	<ul style="list-style-type: none">• A fixed amount of daily reimbursement that can be given for lodging, meals and incidental expenses when traveling on business
Where does the per diem amount come from?	<ul style="list-style-type: none">• U.S. locations - General Services Administration (GSA); Int'l locations - U.S. State Department• Depts. may set per diems at less than the GSA rate, but never greater
Who can be reimbursed using per diems?	<ul style="list-style-type: none">• Only CMU employees can be reimbursed using per diems• Depts. may disallow use of per diems
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Only employees of the university can choose to leverage per diems when traveling. A per diem is a fixed amount of daily reimbursement that can be used for lodging, meals, and incidental expenses when traveling on business. The determination of the fixed amount for locations in the U.S. is made by the General Services Administration (GSA) – a government agency. The fixed per diem amounts for international locations are determined by the U.S. State Department. To determine the per diem rate that corresponds with your travel locations, check the GSA or U.S. State Department's website, both of which you can access from the Finance Division's website.

Departments and divisions on campus may offer a lesser per diem amount than what can be found on the GSA website to their employees or choose to not allow the use of per diems at all. The per diem amount offered by the department/division cannot be greater than the per diem amount determined by the GSA.

The use of per diems is restricted to CMU employees only.

GSA Per Diem Site									
The following rates apply for San Francisco , California									
Primary Destination* (1)	County (2, 3)	Max lodging by Month (excluding taxes)							Meals & Inc. Exp.**
		2010 Oct	Nov	Dec	2011 Jan	Feb	Mar	Apr	
San Francisco	San Francisco County	174	142	142	142	142	142	142	71
The following rates apply for Omaha , Nebraska									
Primary Destination* (1)	County (2, 3)	Max lodging by Month (excluding taxes)							Meals & Inc. Exp.**
		2010 Oct	Nov	Dec	2011 Jan	Feb	Mar	Apr	
Omaha	Douglas County	93	93	93	93	93	93	93	61
The following rates apply for Orlando , Florida									
Primary Destination* (1)	County (2, 3)	Max lodging by Month (excluding taxes)							Meals & Inc. Exp.**
		2010 Oct	Nov	Dec	2011 Jan	Feb	Mar	Apr	
Orlando	Orange County	90	90	90	104	104	104	104	56

These are examples of three different cities and how they appear on the GSA site. You'll notice that the daily per diem dollar amounts are listed for lodging and then for Meals and Incidental Expenses. Each of these locations have a different meal and incidental per diem rate – San Francisco is \$71, Omaha is \$61, and Orlando is \$56.

GSA Per Diem Meal & Incidentals

The M&IE rates differ by travel location. View the [per diem rate](#) for your primary destination to determine which M&IE rates apply.

M&IE Total	\$46	\$51	\$56	\$61	\$66	\$71
Continental Breakfast/ Breakfast	\$7	\$8	\$9	\$10	\$11	\$12
Lunch	\$11	\$12	\$13	\$15	\$16	\$18
Dinner	\$23	\$26	\$29	\$31	\$34	\$36
Incidentals	\$5	\$5	\$5	\$5	\$5	\$5
First & Last Day of Travel	\$34.50	\$38.25	\$42	\$45.75	\$49.50	\$53.25

The shortcut to this page is www.gsa.gov/mie.

Helpful Tip: Print the information from the GSA site that supports your per diem and submit to preparer.

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You may or may not know that the GSA site offers a breakdown of the meals and incidentals rates for each travel location. This table should be used to calculate the amount of the daily meals and incidentals that you are eligible to be reimbursed for. For example, if you have been taken out to dinner while in San Francisco by a vendor or a business partner and you are claiming per diem for your meals, per this table, you no longer need to calculate a deduction of 55% from \$71. Rather, you should deduct \$36 from your daily per diem amount of \$71. This deduction reflects that you did not incur a dinner expense and therefore, you are not requesting reimbursement for a dinner expense. Per the Frequently Asked Questions on the GSA site, a study is conducted every 3-5 years to review and update the rates that are determined by location. For more information about per diems and per diem rates, reference the GSA or U.S. State Department websites.

Per Diem: What it means to you

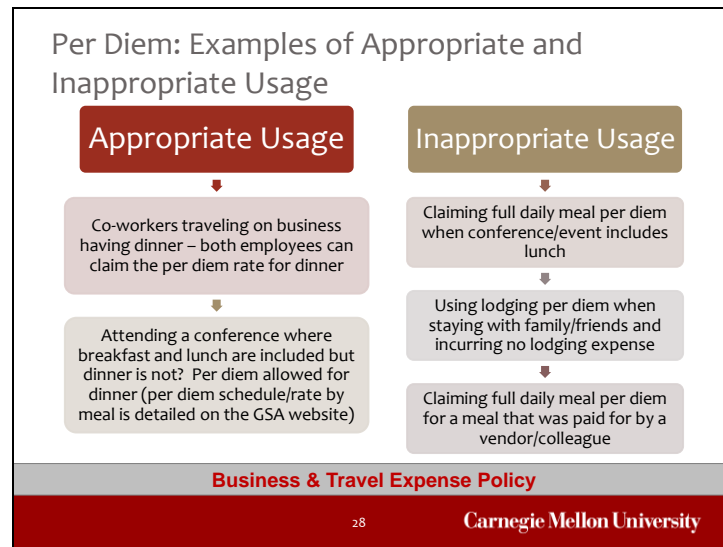
What it means to you when traveling	<ul style="list-style-type: none">• Maintenance of receipts for expenses related to meals and lodging and incidentals is not required – regardless of dollar amount
Per Diem Options	<ul style="list-style-type: none">• Lodging + Meals + Incidentals• Meals + Incidentals with Lodging reimbursed at actual costs
Can Per Diem's be used when sharing expenses?	<ul style="list-style-type: none">• Per Diems may not be utilized if external organization is paying for individual's lodging or meals

Note: Expenses that are not covered under a Meal Per Diem or Lodging Per Diem (ex. transportation costs) will be reimbursed based on their actual cost and require receipts based on dollar amount.

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If you are a university employee and choose to leverage per diems while traveling, you are not required to maintain receipts for meals, lodging, and incidentals regardless of dollar amount. Also, if you decide to use per diems, you have two options – either using per diems for lodging, meals, and incidentals or just using per diems for meals and incidentals and requesting reimbursement for your actual lodging expenses. Per diem's cannot be used if you are sharing lodging or meal expenses with another organization.



There are sometimes questions related to appropriate vs. inappropriate usage of per diems. For example, if you are traveling with a co-worker and you go out for dinner together, you can both claim a dinner per diem amount.

If you are attending a conference where breakfast and lunch are included in the cost of the conference registration, you can still claim a per diem for the days that you are attending the conference. You would just need to request reimbursement for the dinner portion only of the daily per diem rate. The daily per diem rate breakdown for breakfast, lunch, dinner, and incidentals is available on the GSA website.

Examples of when it would be inappropriate to claim a fully daily per diem would be when the conference registration fee covers all meals for the length of the conference. Likewise, it is not appropriate to request reimbursement for an actual cost of a meal that is provided by the conference. However, if you are attending a conference and you have dietary restrictions which would not allow you to eat the meals provided by the conference, you must provide this information in the justification on their reimbursement in order to be reimbursed. Another example of using per diem inappropriately would be requesting per diem lodging reimbursement when you actually stayed with family or friends and did not incur out of pocket expenses related to lodging. Also, if receiving complementary hotel accommodations by cashing in credit card points or hotel club program points for example, it would be inappropriate to claim a lodging per diem.

Finally, another example where it would be inappropriate to request reimbursement via per diem would be if one of your meals was paid for by a vendor or a colleague.

The bottom line is that if you did not incur an expense, you should not seek reimbursement for one.

What you need to know if you will incur lodging expenses . . .

What kind of receipt is required for lodging expenses?	<ul style="list-style-type: none">• If using lodging per diem, documentation (ex. airline, travel itinerary) to substantiate dates of travel is required• If not using lodging per diem, itemized hotel bills are required for reimbursement of lodging expenses
Are cancellation fees reimbursable?	<ul style="list-style-type: none">• Cancellation fees resulting from failure to cancel guaranteed room reservations will not be reimbursed - except under extenuating circumstances and with departmental approval

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Related to lodging expenses, if you choose to use the lodging per diem rate, as mentioned previously actual lodging receipts are not required. However, documentation that can substantiate the dates of travel is required. This could be a travel itinerary or boarding passes to and from your locations.

If you are not using per diem lodging, an itemized hotel bill is required in order to be reimbursed for your lodging expenses. Itemized hotel bills should show a breakout of room charges, meals, movie rentals, mini-bar charges, etc.

If you find yourself incurring fees for failing to cancel guaranteed room reservations, only under extenuating circumstances will the fees be reimbursed provided there is a detailed explanation and documented departmental approval. However, please make every effort to have the cancellation fees waived.

Meals for others while traveling . . .

- ✓ Must have a valid business justification
- ✓ Names of the meal attendees (if 5 or fewer) must be provided in justification; Traveler's name and just the number of attendees if 6 or more
- ✓ Reduce daily per diem by the GSA breakdown amount for the meal in question

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If you are purchasing meals for others while traveling, there must be a valid university business reason for the expense. If you hosted a business meal for five or fewer people, the names of the attendees (including their affiliation with the university if they are not employees), along with the business purpose of the meal must be provided. If there were 6 or more people attending the meal, only the total number of people must be documented for reimbursement purposes. Please remember that if you have purchased a meal for others while traveling and you are claiming per diem meals during your trip, you must not seek reimbursement of the per diem meal amount for the meal that you purchased for others. Instead, you must reduce your per diem for that specific meal.

What about meals and functions when not traveling?		
Meals between colleagues	Functions for special events	Recruiting /Other Business Meals
<ul style="list-style-type: none">• Primary purpose must be to conduct University business	<ul style="list-style-type: none">• Intent must be to show appreciation, promote morale, recognize achievements	<ul style="list-style-type: none">• Primary purpose to conduct business• May involve prospective employees, visitors, vendors, organizations, groups, etc.
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So, what if you incur expenses related to business meals or functions when you're not traveling? Meals between colleagues are reimbursable as long as the primary purpose of the meal is to conduct university business. There should also be a need to meet over a meal – for example, due to conflicting schedules or when one or more employees cannot meet during regular working hours. Also, business meal expenses incurred while attending a local workshop or conference are reimbursable as long as the purpose of the meeting is documented.

Occasionally, you may have expenses that are related to a function which is intended to show gratitude or appreciation, promote morale, or recognize achievements of employees. Expenses related to these functions are considered to be business expenses by the university and so they may be reimbursed but they are always unallowable to be charged to Federal funds. Please remember that you must ensure that your expenses comply with your departmental guidelines.

Lastly, if you are purchasing meals for non-university personnel due to recruiting employees or students or discussions with vendors or consultants, these expenses are reimbursable if the primary purpose of meeting over a meal is to conduct university business.

Are expenses associated with social events (visitor receptions, alumni reunions, etc.) reimbursable?

Yes, although partially social in nature, considered to be business entertainment .

- Necessary to further University interests
- Expenses should be reasonable
- Business purpose of entertainment must be clearly documented
- Requires description of who attended (ex. individual names, name of group) and total number in attendance
- Unallowable as direct or indirect costs to the university – must be allocated correctly to unallowable expense types or appropriate function

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If you have expenses that are associated with events that have a social nature, like visitor receptions, alumni reunions or where you are entertaining donors or prospective donors, these expenses are reimbursable. These types of events are considered necessary to further the university's interests. The expenses associated with these events should be reasonable, meaning that the dollar amount of the expenses incurred should align with the expected business benefit. Additionally, the business purpose of the event should be clearly documented and must include information about who attended the event (such as names of the individuals or group that the event is held for) and the total number of people in attendance.

If there is a question as to whether your expenses would be considered entertainment rather than a more traditional business meal or meeting, one way to decide the answer is to consider whether or not companions or spouses were a part of the meal, meeting, or event. If the answer is 'Yes', it is most likely the expenses would be considered business entertainment.

Expenses related to business entertainment must be charged to either the unallowable expense type or to an appropriate function that will prevent them from being included in the university's direct and indirect sponsored project costs.

Alcohol – Reimbursable & Unallowable

Reimbursable with a valid business purpose:

- Meals between colleagues
- Functions for special events/business entertainment
- Meals associated with recruiting

AND

Unallowable

- Not allowed to be charged to or paid for by Federal funds

NOTE: Alcohol, and tobacco as well, is neither reimbursable or allowable when charged to a Qatar entity.

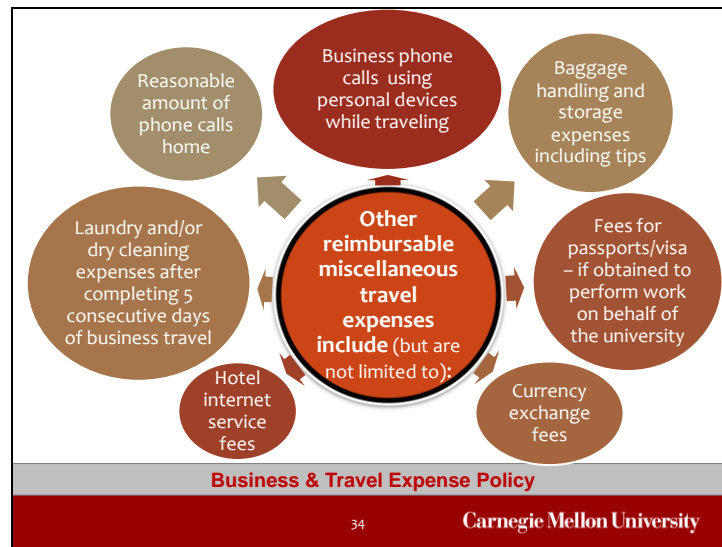
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Expenses related to alcohol always seem to generate questions and concern. If a meal or event includes alcohol, you can be reimbursed for the expense, including the alcohol, as long as there is a valid business purpose. However, when the expense is submitted for reimbursement, alcohol must be charged to the expense type of 'Alcohol' or 'Unallowable'. Please note that charging to 'Unallowable' does not mean the expense is 'Un-reimbursable'. Expenses that are to be submitted as "unallowable" cannot be charged to the federal government either directly or indirectly. Additionally, charging certain types of expenses, such as alcohol, as 'Unallowable' enable them to be excluded from the system generated calculation of the overhead costs of the university.

For expenses being charged to our Qatar campus, alcohol and tobacco are not reimbursable OR allowable.

Further information related to alcohol with respect to university business or social activities can be found in the Drugs and Alcohol policy available on the CMU policy website.



You are probably thinking that there are many additional expenses that can be incurred while traveling that were not discussed in detail. For example, fees for baggage handling and storage, laundry or dry cleaning during an extended trip, hotel internet service, etc, are all reimbursable expenses as long as they are itemized and documented in accordance with the expense policy.

Personal expenses and/or personal business while traveling . . .

- Expenses that are inherently personal (ex. gym fees, in-room bars/movies/massages, etc.) are not reimbursable
- Expenses/Incremental costs related to personal business are not reimbursable and must be identified and deducted from expense report

NOTE: Using the university as a conduit for personal expenses may result in disciplinary action.

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What if you incur expenses that are related to personal items or that resulted from conducting personal business while traveling on behalf of the university? Expenses that result from a purchase that cannot be tied to a university business purpose are not reimbursable. A detailed listing of expenses that are considered to be inherently personal is available in the policy document. Any incremental costs that may result from conducting personal business during a trip will not be reimbursed.

The bottom line is that personal expenses may not be charged to university accounts for reimbursement, even if the intention of the individual is to reimburse the university for the expense at a later date. Disciplinary action may result if it is found that an individual is using the university as a conduit for personal expenses.

What about non-travel expenses?

Professional Development

- Expenses are reimbursable if approved by supervisor and content relates to job responsibilities
- Expenses associated with maintaining a professional certification not directly related to job responsibilities are not reimbursable

Memberships, Dues, Subscriptions

- Individual memberships in business associations are reimbursable if approved by supervisor
- Fees for magazines, newspapers, newsletters – reimbursable if approved by supervisor

Postage, office supplies, copying charges

- Reimbursable if purchased for business use

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Of course, expenses related to travel are not the only kinds of expenses that individuals incur as a result of working for the university. There are other business expenses that may be paid out-of-pocket that would need to be submitted for reimbursement as well. The expenses listed here are not meant to be all inclusive but just a sampling of some non-travel expenses.

In the case of expenses that relate to professional development, these are reimbursable if the professional development opportunity, for example, a class or a workshop, is approved by your supervisor. Your supervisor should ensure that the content of the professional development opportunity relates to your job responsibilities at the university and that the budget can support the expense. Expenses associated with maintaining a professional certification that does not directly relate to your job responsibilities are not reimbursable.

Expenses directly related to your job responsibilities for individual memberships to business associations (and corresponding dues) and subscriptions to publications are reimbursable with the approval of your supervisor.

Miscellaneous types of expenses purchased with personal funds such as postage, office supplies, photocopies, etc. are all considered business expenses and are all reimbursable as long as there is proper documentation and a valid business justification. The preference would be that these miscellaneous types of business expenses would be paid for when possible using the purchasing card as that would allow the expense to be tax exempt.

Required Documentation and Receipts

Original documentation (receipts, proof of payment) required for all single expenditures of \$75 and greater	<ul style="list-style-type: none">• Allows expenditures to be verified• Eliminates the possibility of duplicate payments• Must be scanned and attached to substantiate the business expenses (except in the case of per diem reimbursements)
What if the original is not available?	<ul style="list-style-type: none">• Complete the Missing Receipt Form and scan attach the form in place of the receipt
What happens to the original receipt/documentation once it has been scanned/attached and submitted for reimbursement?	<ul style="list-style-type: none">• Departments must maintain original documentation (including receipts) in accordance with the University's Policy for Financial Records Retention.

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Regardless of whether your expenses are related to travel or to some other type of business expense, you are required to submit original documentation for all single expenditures that are \$75 and greater. The submission of the original receipt documentation allows for the expenses to be verified and it eliminates the possibility of duplicate payments. The preparer of the report must scan and attach the original receipts to the substantiate the business expense (except in the case of per diem reimbursements).

If, in rare cases, original receipts are not available, a Missing Receipt Form must be completed. The preparer of the report will scan and attach the Missing Receipt form in place of the receipt.

Departments must maintain original documentation (including receipts) in accordance with the University's Policy for Financial Records Retention. Original documentation is required to comply with Federal regulations.

The slide is titled "Timeliness of Expense Reporting". It features a red box with white text stating: "Expenses should be submitted for reimbursement within 30 days of completing the travel or incurring the expense". A line from the bottom of this box points to a white box with a red border containing the text: "Expenses submitted 90 days after completing the travel or incurring the expenses will be reimbursed but the amount of the reimbursement will be taxable to the individual incurring the expense". At the bottom of the slide, there is a grey bar with the text "Business & Travel Expense Policy" and a red bar with the text "38 Carnegie Mellon University".

Timeliness of Expense Reporting

Expenses should be submitted for reimbursement within 30 days of completing the travel or incurring the expense

Expenses submitted 90 days after completing the travel or incurring the expenses will be reimbursed but the amount of the reimbursement will be taxable to the individual incurring the expense

Business & Travel Expense Policy

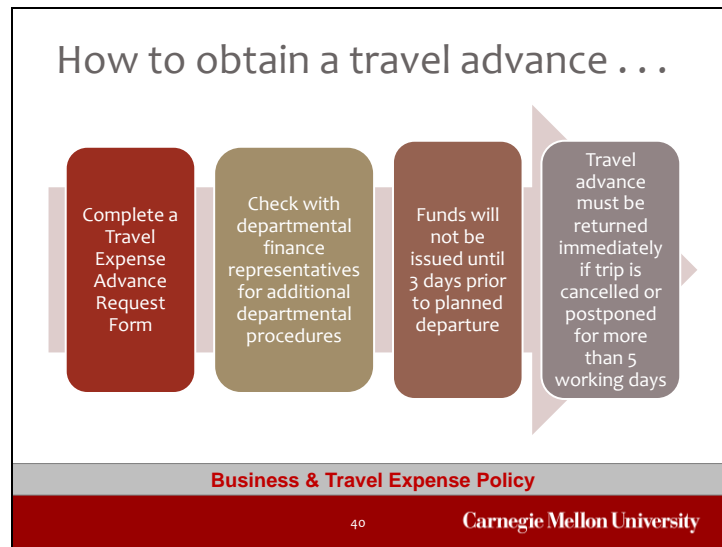
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Please remember that expenses should be submitted timely. In order to avoid a tax consequence, expenses should be submitted within 30 days of completing the travel or incurring the expense. Expenses that are submitted 90 days after completing the travel or incurring the expense will be reimbursed but the amount of the reimbursement will be taxable to the individual incurring the expense.

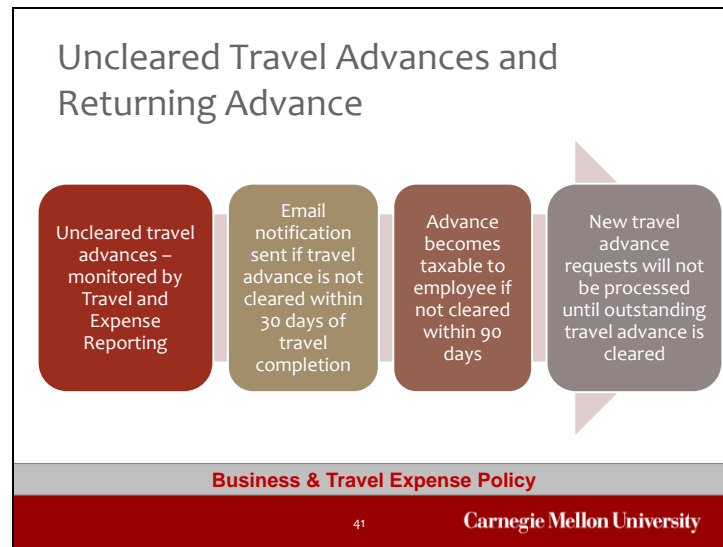


Travel advances are available to cover reasonable miscellaneous costs for employees who are traveling on university business. The amount of the advance must be based on a reasonable estimate as to the amount of cash that will be necessary to conduct university business. It is important to note that travel advances are not to be used to cover personal expenses.

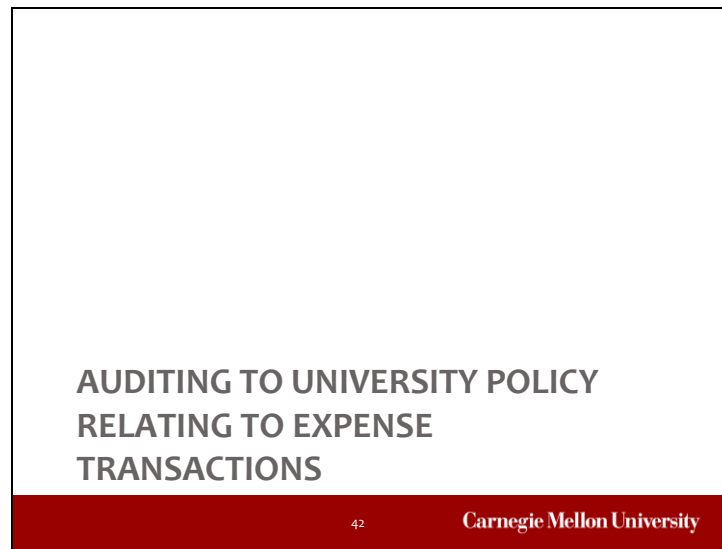
Each travel advance becomes the personal obligation of the traveler – meaning that the traveler is responsible for advances that are lost or stolen. It is required that the traveler submit the expenses that account for the advance within 90 days of completing the travel or the amount of the advance becomes taxable income.



If you are unaware of the process associated with requesting a travel advance, the first step is to complete a Travel Expense Advance Request Form. Departmental finance representatives may institute additional procedures or may limit advances so it is important to check within your department as to whether additional processes exist related to advances. Generally, travel advances will not be issued more than three working days before the planned departure date of the trip – unless there are extenuating circumstances or there has been an approved exception. If the trip for which the advance was requested is cancelled or postponed for more than five working days, the travel advance must be returned immediately. Also, please note that if the requested advance turns out to be greater than the actual amount of expenses incurred, the remaining balance of the advance must be submitted by personal check to the Travel and Expense Reporting department in the Controller's office at the same time the expense report is submitted.



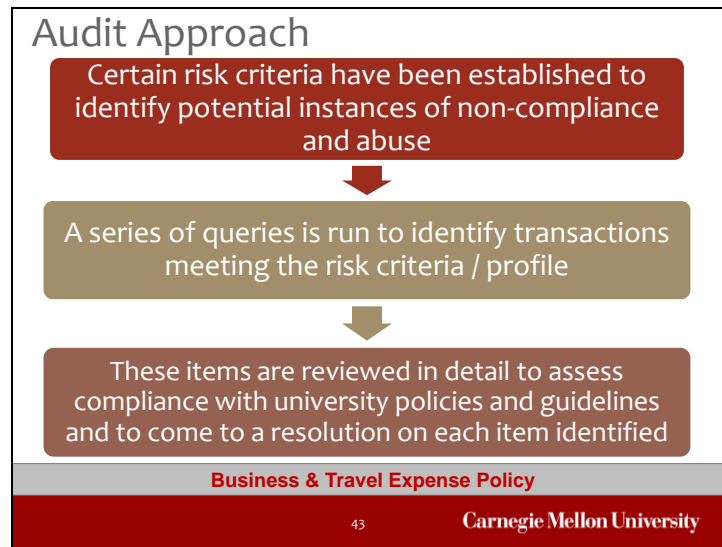
Travel advances are monitored by the Travel and Expense Reporting group within the Controller's Office. Email notifications are sent to travelers if an advance is found to be uncleared within 30 days of the completion of the travel. If substantiation of business expenses covered by the advance are not submitted within 90 days of completing the travel, the university is required by the IRS to report the travel advance payment as taxable income to the employee. If the employee is taxed due to not clearing the travel advance within 90 days, the employee will no longer be eligible to receive travel advances. Additionally, new travel advance requests will not be processed until outstanding travel advances are cleared. Departments can ensure that travelers stay in compliance with this policy as well by monitoring the travel advance or pre-trip reimbursement tracking mechanism.



**AUDITING TO UNIVERSITY POLICY
RELATING TO EXPENSE
TRANSACTIONS**

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The need for auditing has become increasingly significant as the environment in which the university operates becomes more complex with an increased focus and need for compliance.

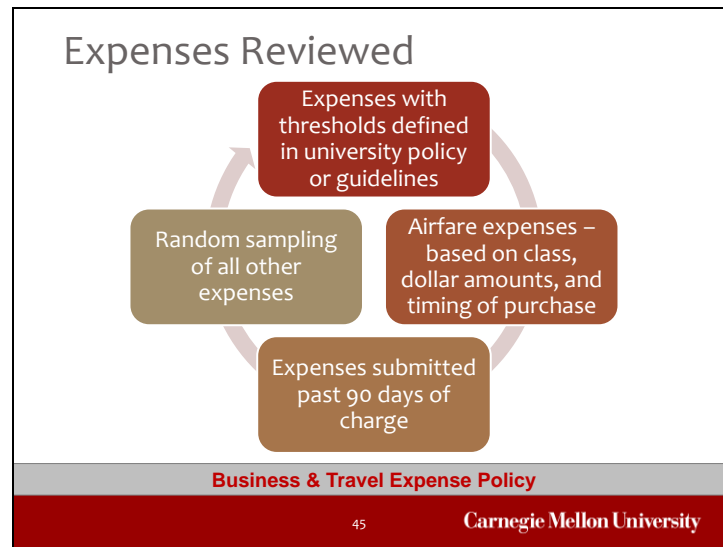


With that in mind, it is important to understand the approach that will be followed when auditing business expenses paid via expense reports and on the purchasing card. Expenses are reviewed and criteria is determined as to what will be used to identify potential instances of non-compliance or potential abuse. Samplings of expense transactions, both purchasing card and those paid via expense reports, are identified with a series of queries and reviewed in detail for compliance with university policies and guidelines.



All of the information provided with any expense that is found to be questionable, including the business purpose, justification, the attached receipts and any other supporting documentation is reviewed to determine if there is sufficient information to resolve any potential issues or policy violations.

If this information is not sufficient, it will then be determined if the individual had received appropriate authorization to make a purchase outside of university policy guidelines. If necessary, there will be follow up with any applicable individuals who may be able to provide additional information associated with the expense. This could include the person who incurred the expense on behalf of the university as well as the business expense preparer, the expense approver, etc. The purpose of these follow-up procedures is to assist in making a determination as to whether the expense is in violation of the university's policies or if the expense represents an abuse of university funds.



You may wonder what kinds of expenses are reviewed since there are so many expenses between those submitted on expense reports and those on procurement card verification reports. In order to ensure that adequate audit coverage exists and that detailed testing is performed over expenses which have been determined higher risk, efforts are focused on expenses meeting the defined risk criteria.

These expense categories include, but are not limited, to the following:

- Expenses that have thresholds defined in the expense policy
- Expenses related to airfare
- Expenses that are submitted past 90 days of the date that the expense was incurred.

Finally, there is detailed testing on a sample selection of all other expenses. Combined, all of these audit procedures help to provide management with reasonable assurance that business expenses are compliant with university policy and in accordance with our accountable plan.



I'd like to thank you at this time for participating in the Business and Travel Expense Policy Overview training presentation. In review, this presentation covered the following points:

- General concepts, including some definitions of common policy terms.
- Definitions of roles and responsibilities.
- An overview of the business and travel expense policy.
- And finally, some information about the auditing of expense transactions.

Once again, the intention was not to cover each and every detail of the policy. Therefore, we would encourage you to also read and become familiar with the policy document which is available on the Business and Travel Expense website.

Additionally, if you are a business expense preparer or approver, presentations have been created for each of those responsibilities to provide more information to assist you in carrying out expense preparations and/or approvals. Those presentations are both available on the Training page of the Business and Travel Expense website.

This concludes the business and travel expense policy overview.