

## Business Expense vs. Entertainment

Because CMU receives federal sponsored funding, the Federal government requires that university carefully account for allowable and unallowable costs of conducting business. Only allowable costs of operation are recoverable directly through charges to the awards or indirectly through the charging of overhead (F&A).

It is important that employees properly categorize reimbursable expenses as allowable business expenses vs. unallowable entertainment expense. **An unallowable expense does not mean that it is not reimbursable to the individual.**

Refer to the policy for specifics about other types of business meals and entertainment expenses.

## Sponsored Travel

THE UNIVERSITY HAS SPONSORED PROJECTS FUNDED BY FEDERAL OR OTHER SPONSORING AGENCIES, AND FOREIGN SPONSORS AFFILIATED WITH OUR FOREIGN OPERATIONS. IT'S IMPORTANT TO KNOW THE REQUIREMENTS OF THE RELEVANT SPONSOR(S) BEFORE MAKING TRAVEL ARRANGEMENTS.

Not all costs considered reimbursable by university policy, may be "allowable" under the terms of the sponsored award.

**Foreign Travel** – Foreign travel supported by sponsoring agencies can be complex, requiring not only prior approval but detailed justifications for each trip, as well as detailed trip reports. This requirement may exist regardless of whether such travel is referenced in the grant or contract award notification.

**Airfare** - Most Federal agencies require that all foreign travel be on a U.S. flag carrier unless circumstances, such as lengthy holdovers, preclude using a U.S. airline. Other sponsors may have alternative requirements.

**Lodging** – Some sponsors establish per diem rates for lodging while others do not allow per diem, employees need to know the sponsor's requirements.

**Rental Vehicles** – Travelers can only upgrade to a full size vehicle if it's allowable under the sponsored award and approved by the DDFR.

**Alcohol** – Alcohol is not an allowable expense on a Federal sponsored award or as an expense to the Qatar campus.

FOR QUESTIONS REGARDING TRAVEL ON SPONSORED AWARDS, CONTACT YOUR BUSINESS MANAGER OR SPONSORED PROJECTS ACCOUNTING.

EXPENSE REPORTS MUST BE SUBMITTED WITHIN 90 DAYS AFTER COMPLETING THE TRAVEL OR INCURRING THE EXPENSE...OTHERWISE, THE REIMBURSEMENT WILL BE TREATED AS **TAXABLE INCOME** TO THE INDIVIDUAL.

PURCHASING CARD VERIFICATIONS MUST BE COMPLETED WITHIN 30 DAYS.

## EXPENSE SUMMARY

	Permissible	Permissible with DDFR approval
<b>AIR TRAVEL</b>		
Airfare	Coach	1st Class or Business
Seat Upgrade or Premium Boarding	No	Yes
Early Departure or Late Return	No	Yes
Baggage Fees	Yes	Excess
Airline Clubs or Freq Flyer Pgms	No	--
Lost luggage/items Insurance	No	--
Ground Transportation and Parking	Yes	--
<b>RAIL TRAVEL</b>		
	Coach	1st Class
<b>PERSONAL VEHICLE</b>		
Mileage (at IRS rate)	Yes	--
Tolls & parking fees	Yes	--
Gasoline costs	No	--
Parking Tix or Fines	No	--
Towing costs or vehicle repair	No	--
<b>RENTAL VEHICLE</b>		
	Standard vehicles	Full size vehicles
Gasoline costs	Yes	--
Tolls & parking fees	Yes	--
<b>Liability Insurance</b>		--
US & Canada	No, CMU provides	--
Outside US & Canada	Yes	--
Personal accident insurance	No	--
Personal effects insurance	No	--
<b>TAXIS &amp; SHUTTLES</b>		
	Yes	--
<b>SALES TAX</b>		
Travel & Business Meals	Yes	--
Other		Yes
<b>LODGING</b>		
	Yes	--
<b>MEALS</b>		
	Yes	--

## Quick Reference Info

Preferred Suppliers	Phone #'s
Tzell Travel Group	412-278-2300
Peoples Travel	412-621-0799
CTS International Travel	412-371-8444
Enterprise Car Rental Program code: XZ40040	800-261-7331
National Car Rental Program code: XZ40040	800-227-7368
Amore Limousines Pgh Ground Transportation	412-678-3524
<b>University Resources</b>	
International Finance Travel to Qatar	8-3065 <a href="mailto:gartravl@andrew.cmu.edu">gartravl@andrew.cmu.edu</a>
Sponsored Projects Acctg	8-2091
Travel & Expense Reporting	<a href="mailto:er-help@andrew.cmu.edu">er-help@andrew.cmu.edu</a>
Oracle Help Desk	8-4666 <a href="mailto:orclhelp@andrew.cmu.edu">orclhelp@andrew.cmu.edu</a>
Risk Management	8-9726
Taxation	8-9939
<b>Helpful Web Resources</b>	
Per Diem Rates	<a href="http://www.gsa.gov/perdiem">www.gsa.gov/perdiem</a>
US Dept of State (travel warnings & alerts)	<a href="http://travel.state.gov">travel.state.gov</a>

## Before you leave the office

If you will be...	Do you have...
Traveling on sponsored funds	Any necessary sponsor approvals
Purchasing goods or services with university funds?	A copy of the sales tax Exemption Form
Submitting a reimbursement	Receipts for any expenses of \$75 or more
Traveling internationally	Passport, visa, and any other country specific requirements

DIVISIONS AND DEPARTMENTS MAY INSTITUTE GUIDELINES THAT ARE MORE RESTRICTIVE THAN THE POLICY. PLEASE CHECK WITH YOUR BUSINESS MANAGER FOR ADDITIONAL DETAILS.

# Carnegie Mellon University



## Business and Travel Expense Policy Summary

This brochure is meant to provide a quick reference guide to the key points of the policy. This is not intended to take the place of the Business and Travel Expense Policy. The policy can be found at:

[http://www.cmu.edu/finance/controller/bte/files/BTE\\_policy.pdf](http://www.cmu.edu/finance/controller/bte/files/BTE_policy.pdf)

## General

The following provides a summary of the university's Business and Travel Expense policy that became effective on March 14, 2011. This policy applies to both expenses paid directly by the university (i.e. purchasing card, check or purchase order) or paid by the employee with personal funds and submitted for reimbursement.

## Receipt Requirements

Original receipts are required for all transactions of \$75 or greater. Receipts are to be scanned and attached to the expense report or purchasing card verification reports.

The original receipts are to be retained by the departments, in accordance with the university Financial Records Retention policy.

## Travel

In many cases an employee's department has the ability to approve certain types of upgrades/additional costs/exceptions. Employees are encouraged to request pre-approval for these upgrades/additional costs/exceptions and must follow departmental guidelines/procedures.

Permitted exceptions to the policy may only be granted by: the president, the provost, the department's dean, or the designated departmental finance representative (DDFR). See the **Expense Summary** table for details.

Departments have discretion to reimburse pre-trip expenses prior to the completion of the travel. Whenever possible, employees are encouraged to pay these costs directly with university funds.

## Booking Travel Arrangements

The preferred method of making travel arrangements is through one of the university's preferred travel agencies. By purchasing the tickets through these agencies, the cost of the tickets is charged directly to the university, instead of the employee paying the cost personally and needing to be reimbursed.

## Transportation

### Airfare

Generally, the airfare booked should be the lowest-priced coach ticket. Premium airfare may be appropriate subject to budget availability and approval. Some examples include: if the flight exceeds eight continuous hours or is an overnight "red eye" flight.

Travelers are encouraged to select the most cost effective option for travel to the airport.

### Rail

The class of rail travel chosen is expected to be the lowest-priced coach rail ticket available.

### Personal Vehicle

When an employee uses a personal vehicle for business travel, the employee will be reimbursed at the IRS mileage rate (or applicable country-specific rate), based on the most direct route between locations. Tolls and parking fees are also reimbursable.

### Rental Vehicle

Standard vehicles are the recommended size.

### Domestic<sup>1</sup>

If renting from one of CMU's preferred suppliers: (National or Enterprise): provide them with CMU's Program Code (XZ40040), all of the university insurance info is already on file with the supplier.

For the university's coverage to be in effect:

1. Rented vehicles need to be leased as: Carnegie Mellon University – (name of faculty, staff, or student).
2. All drivers of the rental vehicle must be over 21.
3. If a rental vehicle has a value greater than \$75K, employees must make coverage arrangements with Risk Mgmt prior to start of agreement.
4. If the rental period will exceed thirty (30) days then arrangements should be made with Risk Mgmt for applicable insurance coverage.

If renting from any other agencies: the university's vehicle liability insurance provides the necessary coverage. **DO NOT** sign-up for any rental agency specific insurance coverage. The following types of coverage will not be reimbursed by CMU:

- Loss Damage Waiver/Collision Damage Waiver;
- Liability Insurance supplement/Additional Liability insurance.

**International** – the university's insurance does not cover non-domestic<sup>1</sup> rentals or international rentals. Travelers should purchase any required vehicle liability and physical damage insurance required by the specific country. Travelers will be reimbursed for:

- Loss Damage Waiver/Collision Damage Waiver;
- Supplemental liability insurance, if any.

The traveler can be reimbursed for gasoline costs, parking and tolls. The traveler will not be reimbursed for personal accident insurance or personal effects coverage; these are personal expenses.

**In case of accident/damage, the traveler must immediately notify both the rental agency AND the university's risk management department.**

## Meals & Lodging

### Per Diem Reimbursement (for EMPLOYEES ONLY)

University employees have the option of being reimbursed for lodging and meals based on actual costs or using per diem rates. If choosing per diem reimbursement, employees must use per diem for the entire trip.

The US General Services Administration (GSA) website maintains continental US per diem rates by city and time periods, so be sure to utilize the rates in effect during the trip. The site has links to non-contiguous US states and international locations.

### Lodging

Lodging reimbursement can be based on per diem allowance or actual costs. For actual costs, the itemized hotel bill must be provided. **Employees cannot be reimbursed for free accommodations.**

### Meals

If using per diem reimbursement, employees must reduce the allowance to account for meals provided at no cost (i.e., conference, hotel, airfare).

If using actual cost reimbursement, the employee should not request reimbursement for meals included as part of conference registration, hotel accommodations, etc. If paying for meals for others during the trip, employees must include names of attendees (if more than 5, just show number of attendees) and business purpose of meal.

## Special Considerations

### Sharing Expenses with an External Organization

When a traveler is having a portion of the trip costs reimbursed by an external organization, the reimbursement from all sources can never exceed total expenses incurred.

### Sales Tax

The university is exempt from paying sales tax, when purchases are made directly with university funds (PCard or check). Business expense purchases made on the PCard should be exempt from sales tax in PA, if employees provide the supplier with CMU's Exemption # and CMU's exemption certificate (available online). There are some taxes that CMU still must pay: Allegheny County alcohol beverage tax and hotel occupancy taxes.

Sales tax paid with personal funds, for travel or business meals, is always reimbursable. Sales tax paid for other business purchases, may be reimbursed pending appropriate business purpose and department approval.

CMU sales tax exemption info is posted on the Taxation website: <https://www.cmu.edu/finance/taxation/policies-procedures/documents/sales-tax-information.html>.

## Business Expenses

### Non-Travel Business Meals

Employees may seek reimbursement when meeting during a meal when not travelling if:

1. the primary purpose of the meeting is to conduct business (meal would have a formal agenda), and
2. there is a need to meet over a meal (e.g., one or more employees unavailable during other working hours)

IRS regulations do not allow for payment of meal expense incurred by employees who are not travelling away from home unless the above criteria are met. The expense justification must include names of attendees (number of attendees if more than 5) and the business purpose.

<sup>1</sup> United States includes the United States and its territories and possessions, Puerto Rico and Canada.