

**OPERATIONS**

**EMPLOYEE TRAVEL EXPENSES**

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**POLICY**

The Department will reimburse approved travel expenses actually incurred in the course of conducting State business in accordance with this procedure and relevant provisions of the employee's bargaining agreement or compensation plan.

Employees must not use the Employee Expense Report to purchase supplies. All supplies must be processed through Fiscal Services using a purchase order. Exceptions are emergencies (life threatening or critical to the department's immediate operation). In emergency situations where prior approval was impossible to obtain, a statement must accompany the request for special expense approval explaining why approval could not be obtained beforehand. Payments to reimburse or advance special expenses may only be made if the Request for Approval to Incur Special Expenses is attached to the Employee Expense Report.

**RESPONSIBILITIES**

Supervisors are responsible for managing, controlling, and approving employee travel. This includes authorizing payment of travel expenses and complying with relevant bargaining agreement and compensation plan provisions. The accounting staff routinely note errors and violations of employee expense provisions as a service for supervisors, but *the supervisor is still responsible for accurate and lawful payment of travel expenses.*

Supervisors

Supervisors are responsible for the following items:

- a. Reviewing employee travel plans and approving them before the employee incurs any travel expenses,
- b. Auditing Employee Expense Reports for accuracy and appropriateness before approving payment,
- c. Training employees in State travel regulations and in completing Employee Expense Reports, and
- d. Enforcing bargaining agreement and compensation plan limits on travel expenditures.

Employees

Employees are responsible for the following items:

- a. Obtaining supervisor's approval before incurring travel expenses,
- b. Filing claims promptly after the travel expenses are incurred,
- c. Claiming only expenses authorized by the terms of the appropriate bargaining agreement or compensation plan,

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- d. Requesting government rates from vendors when traveling on state business, and
- e. Maintaining the records needed to support the business purpose of travel expenses for personal tax return preparation.

**USE OF EMPLOYEE EXPENSE REPORT**

All employees must complete the Employee Expense Report in order to receive reimbursement for travel expenses. When submitting expenses for reimbursement, the employees must certify (by signing the Employee Expense Report) that he or she has not claimed frequent flyer mileage for personal use. The Employee Expense Report includes instructions for completing the form. Failure to complete the form properly and promptly may result in expense items being disallowed and/or payment delayed. The following guidelines should be followed.

- a. Employees who incur minimal costs in any month may delay filing an Employee Expense Report until the accumulated expenses exceed \$50.
- b. All travel reimbursements for the fiscal year (ending June 30) must be paid before July 31 to insure prompt payment from the proper fiscal year.
- c. An Employee Expense Report submitted after July 31 (for the prior fiscal year) requires a special written explanation signed by the Commissioner and will be paid from current year's fund.
- d. Whenever an expense item is billed to the agency, it should be noted on the Employee Expense Report. The name of the travel agent, lodging facility, or other vendor that will be receiving the payment must be listed.

**RECEIPTS**

Original receipts are required for all expenses except meals, taxi services, baggage handling and parking meters.

**DOCUMENTATION OF TRAVEL PURPOSE**

Since September 1984, the Internal Revenue Service has required the State to report mileage payments as gross taxable income on the Employee W-2 form for income tax purposes. To deduct these payments the employee must maintain "adequate contemporaneous records" of travel showing the business purpose of the travel." (Refer to the Internal Revenue Service Publication 463 for a more complete explanation of this requirement.) For this reason, when a State vehicle is available, it may be more efficient for an employee to use it.

**REIMBURSEMENT OF APPROVED EXPENSES**

Employees must file an Employee Expense Report listing all approved expenses paid by the employee and the purpose of the travel. The form must be reviewed and approved by the supervisor prior to being submitted to the Finance Section for payment.

**OUT-OF-STATE TRAVEL RESTRICTIONS**

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Except for cities bordering Minnesota, travel to other states must be approved in advance by the Commissioner or by the Deputy Commissioner. When practical, approval must be obtained at least 15 days before the travel is to occur. The Out-of-State Travel Request is required for this advance approval before the Finance Section can process an Employee Expense Report for either a reimbursement or an advance of expenses for such travel.

Transportation for out-of-state travel is to be by commercial carrier, for example, airline, train or bus, unless special circumstances are present. A Department of Administration, Travel Management Division vehicle may be used for out-of-state travel only if Travel Management approves. If an employee uses a private vehicle for out-of-state travel, the reimbursement will be only what a commercial airline carrier would have charged for the same trip, round-trip coach or economy class. For example, if three persons travel in one private vehicle to Madison, Wisconsin, only the driver is reimbursed and only for the amount of a single air coach fair.

**ALLOWABLE EXPENSES**

Mileage

- a. There are two kinds of private car mileage that are reimbursable, and they must be listed separately and by day on the expense report to obtain reimbursement.
  1. Trip miles are miles traveled from city to city. All stops should be listed. This mileage must be that listed on the official state map or in the official state mileage book published by the Department of Transportation or Public Service. Odometer readings are not required.
  2. Local miles are miles traveled in the vicinity of the home station and miles traveled to accomplish the purpose of the trip after reaching the destination. All stops must be listed by building, address, or other location. The actual odometer readings used to determine these miles must also be listed. Employees do not have to list the odometer readings for each stop; however, they must show the beginning and ending odometer readings for each day's business travel. The odometer readings should be shown on the expense reimbursement form, where practical. Where not practical, the employee should maintain a separate daily travel log and attach it to the expense report to substantiate local miles.
- b. Private vehicle mileage reimbursement rates are established by bargaining agreements and compensations plans. Schedules of reimbursement rates may be found in the current agreement of the employee's bargaining unit.
- c. The use of a state Travel Management car for travel outside the seven-county metropolitan area is encouraged whenever possible. When a State-owned vehicle is not available and an employee must use his/her own car, the State shall reimburse the employee in accordance with the higher rates specified in the bargaining agreement or compensation plan. If a State-owned vehicle is available but the employee chooses not to use it, the State shall reimburse the employee at the lower rate specified.

1. Control Number:

On anticipated trips for over 50 miles, the Department must contact Travel Management to see if a state car is available. If no car is available, Travel Management will assign a control number that must be used on the expense report in order to claim mileage reimbursement at the higher private rate for that trip. For trips of less than 50 miles, employees may claim the higher rate without obtaining a control number.

2. Metropolitan Area/Mileage Averaging:  
Employees may use private vehicles and be reimbursed at the higher rate for trips solely within the seven-county metropolitan area if their average daily mileage is 50 miles or less. Only miles traveled within the seven-county metropolitan area on days without control numbers can be used to calculate this average.

Lodging

- a. Reasonable lodging expenses will be reimbursed. An original invoice/receipt for actual lodging expenses must be attached to the Employee Expense Report. If the employee has charged non-reimbursable costs, such as personal telephone calls, to his/her room, these must be subtracted from the invoice/receipt and only the actual expenses for lodging included on the Employee Expense Report.
- b. Employees will normally be reimbursed only at the single occupancy rate for a moderately priced accommodation, although some allowance may be made for individual circumstances. For example, if an employee attends a conference at an expensive hotel, it is reasonable to stay there if lodging is included in the conference fees. If lodging fees are not included and savings can be realized by staying at a more modestly priced facility, lodging at the lower-cost hotel is preferred.
- c. If an invoice/receipt for lodging includes the cost of meals, either because meals are part of a package price or because the employee has charged meals to his/her room, the cost of the meals must be subtracted from the invoice and reported separately on the Employee Expense Report.

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Meals:

- a. Meal allowances for employees are stated in the bargaining agreements and compensations plans. Employees will be reimbursed for the actual cost of meals up to the maximums stated. The cost of a meal includes tax and a reasonable gratuity and does not include alcoholic beverages.
- b. The employee must be in authorized travel status at the time the meal would normally occur. Employees who meet the eligibility requirements for two or more consecutive meals shall be reimbursed for the actual cost of the meals up to the combined maximum reimbursement for the eligible meals.
- c. Meals within the metropolitan area may be reimbursed only when the Commissioner or Deputy Commissioner grant prior approval of a special expense request (see "Special Expenses").
- d. Breakfast may be reimbursed only when the employee is away overnight or if the employee must leave home before 6:00 a.m. for approved travel.
- e. Dinners may be reimbursed only when the employee is away overnight or if the employee must be in travel status after 7:00 p.m.

Parking

- a. Travel Related Parking:  
Parking may be reimbursed for employees in authorized travel status for costs incurred away from the employee's permanent work station. Parking fees shall be reimbursed on an actual expense basis. Receipts are not required.
- b. Parking at Permanent Work Station:  
If an employee who normally does not drive to work drives a personal car to work because s/he will use the car for state business during the day, the employee is not entitled to parking reimbursement at the work station. However, the Commissioner may authorize exceptions on a case by case basis by sending a memo designating the exception to the Finance Section.

Telephone Charges

If provided by labor agreements or compensation plans, documented personal phone calls are reimbursable.

Business related calls should be charged to the agency's calling card. If this is impossible, the employee should pay the call, and reimbursement claimed as "Other Expense."

Miscellaneous Expenses

Miscellaneous expenses such as dry cleaning and laundry are available for employees in travel status in excess of one week. Baggage handling is also a reimbursable expense. Limits are stated in the bargaining agreements and compensation plans.

**TRAVEL ADVANCES**

Short-Term Advances are issued for employees who have periodic travel assignments. The Department will advance travel expenses to an employee if the anticipated expenses

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exceed \$50.00 and the employee requests the advance at least two weeks before the travel date. Settlements of advance travel expenses must take place no later than five (5) days after the conclusion of the trip. If the trip is canceled, the advance must be returned immediately.

Annual Advances are issued for employees who have travel assignments on a regularly recurring basis. The Department may provide an annual travel advance to persons in positions requiring frequent travel.

**TRAVEL ARRANGEMENTS**

The Account Clerk will coordinate the following types of travel arrangements for employees:

- a. Out-of-State Travel: If arrangements for out-of-state travel are requested, the request will not be processed unless a copy of the approved Out-of-State Travel Request is attached.
- b. In-State Travel: If expenses will be paid directly by the Department rather than reimbursed on an employee's expense account. Normally this would include commercial transportation, state vehicles and aircraft, car rental, conference registration fees, and, with special approval, hotel reservations for groups of employees.

The Account Clerk can make other travel arrangements, upon request. If necessary, the Account Clerk will prepare any necessary purchase orders and other financial documents.

Commercial Transportation and Lodging:

Requests for commercial transportation and hotel reservations should be submitted six weeks or more in advance in order to obtain the cheapest fares and to ensure obtaining hotel rooms reserved for those attending conferences, seminars, etc. If the employee is unsure about the details of his/her travel plans, make arrangements anyway. Once reservations are made and the lower cost obtained, they can often be changed without cost prior to the cut-off date. Waiting too long has meant that the Department has had to pay full price for fares and hotel rooms because the reservations deadline has passed.

In exceptional circumstances it may be beneficial to the Department to pay hotel room costs directly for groups of employees. When the Department pays for rooms directly, no other costs such as meals, telephone calls, etc., may be charged to the employee's room. The decision whether to pay for hotel rooms directly will be made on an individual case basis by the Accounting Manager. If the Department does not pay for hotel rooms directly, the employees should use their personal credit cards or obtain a travel advance to cover the cost of the room.

**State Vehicles:**

a. **State Cars:**

To reserve a Travel Management car, submit an itinerary for the use of the car to the Account Clerk at least one week in advance of the trip.

b. **State Aircraft:**

When groups of employees are traveling to a common destination within the State, use of State aircraft is often an economical alternative. State aircraft must be reserved through this procedure.

**Conference Registration:**

Conference registrations may be made and the fees paid directly by the Department. Be sure to submit any conference registration materials to the Account Clerk prior to the registration deadline for the conference.

**Car Rental:**

Employees may request reservation of cars from car rental agencies at the destination only if that would be cheaper than commercial ground transportation. The rental car must be needed to conduct business at the destination not just to commute to and from the airport and hotel or conference site.