

OFFICE OF THE SOLANO COUNTY SUPERINTENDENT OF SCHOOLS

Series 3000 – BUSINESS AND NONINSTRUCTIONAL OPERATIONS

Policy 3350

Travel Expenses

The County Superintendent of Schools (Superintendent) shall authorize payment for actual and necessary expenses, including travel by an employee performing services for the district.

Purpose

The purpose of this document is to define the Solano County Office of Education's (SCOE) expectations of its employees who are required to travel in connection with their work responsibilities and to clarify which expenses SCOE will fund and which expenses are considered the personal responsibility of the employee. This document establishes an accountable plan as defined by the Internal Revenue Service (IRS).

Definitions

Business travel is authorized travel for any purpose in connection with official SCOE responsibilities. In order for employee expenses to be reimbursed, they must be ordinary and necessary expenses incurred while conducting official SCOE business.

An *ordinary expense* is one that is common and accepted in the educational industry.

A *necessary expense* is one that is helpful and appropriate for the business of SCOE.

Deductible means a legitimate expense as defined by the IRS.

The Latin term *de minimis* means trivial, lacking significance, of minimum importance, so minor as to merit disregard; occasional, infrequent, and of little value

IRS Accountable Plan

An accountable plan requires SCOE employees to meet all of the following requirements. Each employee must:

1. Have paid or incurred deductible expenses while performing services as an employee of SCOE,
2. Adequately account to SCOE for these expenses within a reasonable period of time, and
3. Return any excess reimbursement or allowance within a reasonable period of time.

Accountable Plan versus Nonaccountable Plan

If an employee is reimbursed under a nonaccountable plan, the reimbursements must be reported as wages on the employee's Form W-2, Wage and Tax Statement (W-2). In addition, the payments are subject to withholding at the time of payment.

An arrangement under which SCOE advances money to employees is treated as meeting item #3 above only if the following requirements are also met.

1. The advance is reasonably calculated not to exceed the amount of anticipated expenses, and
2. SCOE makes the advance within a reasonable period of time of the employee paying or incurring the expense.

If any expenses reimbursed under this arrangement are not substantiated, or an employee does not return an excess reimbursement within a reasonable period of time, SCOE cannot treat

Policy 3350 (Continued)

these expenses as reimbursed under an accountable plan. Instead, they must be treated as a reimbursement under a nonaccountable plan and the excess payments must be reported on the employee's W-2.

General

This document assumes a mutual trust between SCOE and its employees. SCOE expects to pay all ordinary and necessary costs incurred by its employees when traveling on SCOE business, and SCOE employees are expected to follow the beliefs and parameters of SCOE's guiding principles and strategic vision in their expenditure of public funds. Employees traveling on SCOE business represent SCOE and are expected to conduct themselves in such a way as to serve as a positive role model to the community by holding themselves to the high standards expected of a public official and steward of taxpayer resources.

Each SCOE manager shall be accountable for ensuring compliance with these procedures and for their decisions regarding the ordinary and necessary expenditures they approve for business travel. SCOE will pay expenses not specifically addressed in this document provided the manager determines the expenses are ordinary and necessary.

While there is an assumption of mutual trust between SCOE and its employees, the IRS requires a certain level of procedures to be in place and certain documentation of expenses in order for the plan to be accountable. If the IRS deems that such procedure and/or documentation is not in place, the IRS will deem SCOE to be operating a nonaccountable plan.

If the IRS makes such a determination, the IRS will require SCOE to report reimbursements as reportable income on the employee's W-2.

Authorization

The employee must complete the Overnight Travel/Conference Approval Expense Claim Form. Prior to making any travel arrangements (e.g., registration, transportation, lodging, etc.), employees must obtain signature approval from their immediate supervisor, or an authorized manager when their immediate supervisor is unavailable for an extended number of days. An employee shall not approve his or her own business travel or travel documentation. All out-of-state travel requires prior approval by the County Superintendent or designee before making any travel arrangements. The employee's supervisor is responsible for securing and identifying a capable replacement to ensure coverage of responsibilities as appropriate.

Reimbursement of business travel expenses may be denied unless prior approval has been received.

Managers will weigh the following considerations upon receiving a business travel request:

1. Relationship of business travel information to SCOE's Local Control and Accountability Plan (LCAP) and instructional parameters
2. Breadth of applicability to SCOE, including the Local Educational Agencies (LEA) served by SCOE, and student achievement
3. Length of time since employee's last participation in this activity
4. Organization coverage: All efforts will be made so that an entire job classification will not be away from the organization simultaneously
5. Funding source: Ensure that sufficient funding is available within the department's annual operating budget

Policy 3350 (Continued)

6. Training for employees new to a position
7. Efforts to provide for in-county training opportunities should be utilized prior to attending training that requires travel
8. Efforts will be made to attend training opportunities in close proximity to SCOE, or the employee's residence, whichever is the shortest distance

Travel Arrangements

Travel and conference requests shall be completed as far in advance as possible to obtain the best possible travel fares and rates. A minimum of six weeks in advance is encouraged for all travel requiring Superintendent's approval. If travel arrangements must be canceled for any reason, the person who made the arrangements shall cancel them in sufficient time to prevent the SCOE from incurring unnecessary costs.

Travel Advances

Employees may request travel advances by furnishing the appropriate information at the time of initial approval of the Overnight Travel/Conference Approval and Expense Claim Form. Advances shall not exceed 80% of the estimated expenses to be borne by the employee. Advances will not be issued for less than \$200.

The Internal Business Services (IBS) Department must receive a request for an advance at least 10 working days before the advance is needed in order to allow sufficient time to process the request before the date of travel. A request for an advance may be submitted to IBS earlier than the 10-day timeframe. However, the request will not be processed more than 30 days before the date of travel.

If an employee received a travel advance, the employee must file a final travel claim form within 60 days after the employee incurred the expenses. If an employee fails to file a final travel claim form as specified, the amount of advance not supported by the final travel claim will be reported as wages on the employee's W-2, except under the condition stated in the last paragraph of this section on advances.

If an employee received a travel advance, the employee must return any excess reimbursement that was received as an advance within 120 days after the employee incurred the expenses. If an employee fails to return any excess reimbursement as specified, the amount of advance not supported by the final travel claim will be reported as wages on the employee's W-2.

The exceptions to the above 60-day rule are as follows:

1. On a quarterly basis, IBS will give a statement to those employees that have not filed a final travel claim, and/or returned any excess reimbursements within the time frames indicated above, informing them that they must comply within 120 days of the date of the statement.
2. If the employee still does not comply, then the advance that has not been accounted for by a final travel claim form, or excess reimbursement that has not been returned, will be reported as wages on the employee's W-2.

Transportation

Employees shall use whatever mode of transportation is the most practical, logical, and least expensive for that employee. Employees should give consideration to distance, time, and total cost to SCOE. If multiple employees are traveling, carpooling is encouraged. By approving an

Policy 3350 (Continued)

employee's travel request, the supervisor is acknowledging that the mode of transportation is the most practical, logical, and least expensive for that employee. If an employee believes an exception to this policy is needed, then a request for an accommodation should be made to Human Resources.

Employees shall not limit their air travel options by specifying an airline. Employees shall select the airline offering the lowest fare for a logical route.

Employees shall be compensated for the use of their private vehicles at the prevailing IRS standard mileage rate. Compensation shall be based upon the number of miles between the travel destination and either the employee's designated work location or residence, whichever is the shortest distance. Employees who receive a car allowance will be compensated at the current IRS standard mileage rate for all miles outside Solano County if the allowance does not cover travel outside of Solano County.

SCOE will reimburse all expenses, such as bridge tolls and parking fees, incurred as the result of an employee's authorized use of a vehicle while traveling on SCOE business. Receipts for parking are required.

Hotel courtesy buses, local shuttle services or public transportation should provide supplementary transportation within the destination city if available and logical. Employees should use taxi service and/or rental vehicles only when no other convenient, less costly mode of transportation is available. The employee's supervisor must authorize the use of a rental vehicle in advance. If authorized, employees shall request the least expensive vehicle category that meets their needs, and the employee shall make the rental car reservation as far in advance as possible to get the best rates.

- Employees purchasing optional insurance (travel and auto) will do so at their own expense. Transportation not related to SCOE business is not reimbursable.

This section does not cover the mileage reimbursement regarding use of a personal vehicle while conducting one's normal business activities. See the section titled "Mileage" later in this policy.

IRS Guidelines

IRS Regulations dictate that all reimbursable expenses in excess of generally accepted business travel expenses are earned income and must be reported as such. Such excess expenses will be reported as wages on the employee's W-2.

Lodging

SCOE will pay for lodging for the evening preceding or subsequent to a meeting or business event when the employee would have to travel at unreasonably early or late hours to reach his or her destination. SCOE will not pay for overnight stays prior to or after a meeting or business event without prior approval.

Employees shall make an effort to obtain lodging at or near the facility where official SCOE business is to take place to minimize travel time and transportation costs. SCOE will only pay for standard single rooms for individual employees. Employees shall request single standard rooms at conference, government, or corporate rates. Should an employee choose to stay elsewhere than the recommended conference lodging, reimbursement shall be made up to the equivalent of the advertised room rate of the conference.

Policy 3350 (Continued)

Meal Reimbursement

In order to comply with the IRS, SCOE will reimburse employees based on a per diem or actual receipt basis for the cost of meals incurred during travel away from the employee's ordinary place of business for a business purpose except as described at the end of this section. Reimbursement for meals incurred for other than during overnight travel will be reported as income on the employee's W-2 and will be processed through payroll. Paying for meals on SCOE's credit card that are not incurred during overnight travel is discouraged due to this requirement that the reimbursement must be processed through payroll.

The per diem meal reimbursement rates (meaning receipts are not required) are not to exceed the IRS allowed rate for the area in which the meals are purchased.

The standard per diem rates will be based on the rate for meals purchased in Solano County. IBS will adjust the rate annually and reflect the current rate on the Travel/Conference Approval and Expense Claim Form.

In order to make sure that SCOE's plan is an accountable plan according to the IRS, the actual rate for meals purchased outside of Solano County will be based on the high-low substantiation method per IRS Publication 535, and the annual IRS notice of high-low cost areas. Upon receipt of a reimbursement claim, the IBS Department will audit the requested per diem to make sure that it does not exceed the rates as listed on the annual notice of high-low cost areas for that fiscal year.

IBS will make available the information regarding high-low cost areas and rates to travelers in the most convenient and effective way possible for the travelers and the most cost-efficient way for SCOE. For example the most convenient and effective way possible might include all, some, or none of the following methods:

1. Posting the current information to SCOE's website,
2. Posting a link on SCOE's website to the current IRS notice of high-low cost areas,
3. Indicating rates and high-low cost areas in the instructions to the travel form,
4. Indicating rates and high-low cost areas on the travel form.

IBS will include a way for employees to comment regarding the most convenient and effective way that this information can be made available to them and will act on such comments accordingly.

Meal reimbursements that do not use the per diem method will be based on actual receipts. Alcoholic beverages are not allowable reimbursable expenses. Gratuity, not to exceed 15% is reimbursable unless charged by the eating establishment.

Meal reimbursements will cover the cost of meals for SCOE employees only. The employee will bear the cost of the portion of any meal that is related to an employee's guest, whether professional or personal. The exception to this general rule is if the employee's supervisor authorizes the meal reimbursement of the non-SCOE personnel in advance. The employee's supervisor may not make such an authorization in a situation in which the supervisor is also present at that same meal.

Reimbursement for meals consumed for any business activities that do not meet the IRS overnight rule will only be reimbursed tax free if all of the following conditions apply, otherwise

Policy 3350 (Continued)

the reimbursement will be processed through payroll, taxed, and reported as wages on the employee's W-2:

1. Meals consumed while entertaining customers if the entertainment is directly related or associated to a substantial business discussion for a clear business reason in a clear business setting.
2. Meal expenses directly related to, and necessary for, attending business meetings or conventions of certain exempt organizations (including chambers of commerce, business leagues, trade or professional associations) when attendance is required by the employer. For this to be applicable, the employer-paid meal must be provided at the site of the meeting or convention, with the employee not eligible for meal reimbursement if they take their meal elsewhere; or
3. De minimis occasional meal reimbursements provided the following conditions are met.
 - a. The meal is reasonable in value and is not provided regularly or frequently; and
 - b. Overtime work necessitates an extension of the employee's normal work schedule; and
 - c. The meal is provided to enable the employee to work overtime. Meals provided on the employer's premises that are consumed during the overtime period, or meal money expended for meals consumed during that period, satisfy this condition.

Business Expenses

SCOE will pay for goods and/or services deemed necessary for the completion of official business, such as faxes, copier and computer usage, etc. Whenever possible, employees shall anticipate the need for supplies and shall take whatever they will need with them instead of buying supplies at their destination. Actual receipts must substantiate amounts reimbursed.

Reimbursement for business related material/services purchases shall be submitted on the Overnight Travel/Conference Approval Expense Claim Form.

Mileage

In order to receive mileage reimbursements employees must have a complete and current Employee Personal Automobile Use Form on file with the IBS department.

Employees who are authorized and use personal vehicles on their normal official business may claim reimbursement for such use based on the current IRS rate.

Mileage allowances may be paid monthly using a standard number of miles driven per month within the county times the reimbursement rate. Out-of-county travel will be reimbursed on actual miles driven. The Superintendent or designee must approve use of county vehicles.

Employees are reimbursed for actual mileage driven beyond their travel to and from the work site. See the following Mileage Table for examples of appropriate mileage claims.

MILEAGE TABLE

One-Way Distances from SCOE Main Building in Fairfield to District Offices in Solano County

<u>Destination</u>	<u>One-Way Distance in Miles to Nearest 1/2 Mile</u>
Benicia Unified School District	14
Dixon Unified School District	26
Fairfield-Suisun Unified School District	8
Travis Unified School District	13
Vacaville Unified School district	15
Vallejo City Unified School District	13
Solano Community College	2

Personal Expenses

SCOE will not pay personal expenses. Examples of personal expenses (this list is not all inclusive) include in-room movies, spas and gyms, optional quasi-social functions or events in connection with a conference, laundry or dry cleaning, miscellaneous sundries, or other items of a personal nature.

SCOE will not pay for any expenses of another person who accompanies an employee on business travel.

Required Documentation for Reimbursement of Expenses

Upon completion of overnight business travel, employees must complete and submit the original "Overnight Travel/Conference Approval and Expense Claim Form" along with all required information per the instructions for usage of the form. For reimbursement of non-overnight business travel, employees must complete and submit the "Daily Mileage and Travel Reimbursement Form" along with all required information per the instructions for usage of the form.

Unless specified differently above, an itemized receipt must support each item being claimed for reimbursement. Credit card summary statements/receipts are not acceptable.

As a best practice, all claims should be submitted to IBS within 30 days of the event's occurrence. If the employee that received a travel advance does not submit a final claim to IBS within the time indicated in that section of this policy, the entire amount of the advance will be reported as wages on the employee's W-2.

Non-SCOE Paid Travel and Training

Employee travel for which no reimbursement from SCOE is requested shall also have prior approval from the immediate supervisor if the employee will be missing their regularly scheduled responsibilities.

Policy 3350 (Continued)

Cancelations

Employees will cancel any reservations for lodging, travel costs and registration they will not use. Any charge for an unused reservation shall be considered the employee's personal expense unless failure to cancel the reservation was due to circumstances beyond the employee's control.

Legal Reference:

EDUCATION CODE

44032 Travel expense payment

44033 Automobile allowance

INTERNAL REVENUE SERVICE

Internal Revenue Code sections 132 and 262

Income Tax Regulations sections 1.274-2(c) and (d)

Income Tax Regulations sections 1.132-6(d)(2)

Publication 535 Business Expenses

Policy Cross-Reference:

1220 Citizen Advisory Committees

3314.2 Revolving Funds