

# Guide to Reimbursement of Employees' Travel Expenses Policy

## Section 1. General

This Guide to Reimbursement of Employees' Travel Expenses will outline what expenditures may be considered to be a County charge. It will also clearly delineate which reimbursable expenses are taxable according to the Internal Revenue Service (IRS) and which are non-taxable. Taxable reimbursable expenses must be reported on the employee's W-2.

This policy shall be interpreted in accordance with the provisions of the applicable Collective Bargaining Agreement, if any. Furthermore, any provision contained in any of the Collective Bargaining Agreements that is inconsistent with any applicable Federal, State and/or Local Law, Regulation or Rule shall be superseded by such Law, Regulation or Rule.

### A. Procedure for Filing Mileage/Travel Reimbursement or Allowance Claims

1. All claims for payment for employee mileage/travel expenses must be presented on a standardized County Travel Voucher. Claims for mileage reimbursement should show true odometer readings. In the event that true odometer readings were not recorded, reimbursement may be made utilizing Map Quest or similar platforms that are generally available via the internet. All other reimbursable expenses, including but not limited to lodging, parking, tolls, public transportation (including common carriers), and meals should be accurately itemized and documented with appropriate receipts and/or other pertinent documentation. Meal reimbursements require an **itemized** receipt and reasonable tipping will be allowed. For Non-Union employees only, unless specifically allowed in the applicable collective bargaining agreement, if an employee has elected to receive a meal allowance, itemized receipts are not required. Each claim for a meal allowance when in Travel Status should have the approved Request to Attend ("RTA") and a printout from the U.S. General Services Administration's ("GSA") meal per diem rate page that applies to the claim attached. (See Section 3A. Meal Reimbursement and 3B. Meal Allowance)
2. Claims should be submitted on a monthly basis; however, **must** be submitted within 60 days of the date the expense was **incurred to avoid possible tax implications**. (See Section 2. Accountable Plan) Reimbursements will still be made to the employee if submitted after 60 days of the date the expense was incurred; however, the reimbursement will become taxable, processed through payroll and create potential significant tax consequences for the employee.
3. All travel vouchers will be audited. Any amount deemed to be taxable according to IRS regulations shall be **documented on the front of the travel voucher prior to being electronically scanned by the Office of Audit & Control, sent to the employee and to the Payroll Department for processing.**

### B. Fraudulent Bills or Claims

The County reserves the right to prosecute fraudulent claims to the fullest extent of the law. In addition to other statutes, local laws and rules that may be relevant, please note:

1. *"A person is guilty of offering a false instrument for filing in the first degree when, knowing that a written instrument contains a false statement or false information, and with intent to defraud the state or any political subdivision thereof, he offers or presents*

*it to a public office or public servant with the knowledge or belief that it will become a part of the records of such public office or public servant.”*

2. “Offering a false instrument for filing in the first degree is a Class E Felony” (Penal Law, Section 175.35)

#### **C. Relevant Provisions of Law**

As required by Internal Revenue Code, County Law, Sections 203 and 369, General Municipal Law, Section 77-b, and County Administrative Code A9-3. Claims for travel expenditures should indicate the reason for the travel and/or expenses along with the authorization for incurring such expenditures. Prior written approval must be obtained via the “Request to Attend Form”.

#### **D. Request to Attend**

1. A Request to Attend (“RTA”) is required for any employee to travel either outside of the County of Sullivan or when any expense is incurred for said travel to attend seminars, workshops, conventions, conferences, meetings, schools, etc. A Request to Attend is not required for travel for an employee to carry out his/her duties as required by their position, i.e. investigations, court appearances, etc. A Request to Attend is not required when travel is within Sullivan County and has no cost. An employee must get prior- approval from their Department Head before any travel not requiring a Request to Attend.
2. A Request to Attend must identify the purpose of the travel, whether the travel is mandated, and how the employee or County will benefit by attending the seminar, workshop, convention, conference, meeting, school, etc. The request must also identify whether the employee(s) will receive a certificate, continuing education credits, or any other professional development designation or value associated with the seminar, workshop, convention, conference, meeting, school, etc.
3. The Request to Attend must be approved by the employee’s Department Head, Division Head, and the County Manager or designee. Total estimated cost and local share costs must be submitted with every Request to Attend.
  - a. All incidental charges incurred during the course of travel that were not anticipated or previously known, i.e. parking, tolls, special fees, etc. may be paid **at** the discretion of the County Auditor, with documented receipts, without approval from the County Manager or designee, up to \$25 per trip.
  - b. In the event that the additional expenses exceed \$25, additional approval from the County Manager or designee is required.

## Section 2. Accountable Plan

An “accountable plan” is an I.R.S. reimbursement policy under which amounts are nontaxable to the recipient *only if ALL* of the following requirements are met. If these criteria are not met, the reimbursement will become **taxable** to the employee.

### **A. There must be a *business connection* to the expense.**

1. Business Connection - There must be a business purpose for an employee’s travel that can be supported by documentary evidence in order to consider treating the reimbursement of travel expenses. Further, to meet the business connection requirement of an *accountable plan*, travel expense reimbursements other than transportation expenses such as mileage, tolls, parking and other incidental expenses, are only nontaxable to the extent that the expenses are incurred when the employee is *away from home* as defined by the IRS. Transportation expenses do not include meals, lodging, or commuting mileage. (See Section 3. Expenses C. 1. Mileage Reimbursement)
2. Away From Home (aka in “travel status”) - In order for a reimbursement of an expense for business travel to be excluded from income, including meals and lodging, the employee must travel *away from home* for official business. Employees are considered to be in travel status if their business duties require them to be away from home for longer than an ordinary day’s work and, during that time, they need substantial sleep or rest in order to meet the demands of employment. Employees must obtain appropriate approvals prior to traveling for an assignment (See Section 1.D. Request to Attend).

### **B. There must be adequate accounting by the recipient within a reasonable period of time.**

IRS Safe Harbor rules for a reasonable period of time indicate the reimbursement or allowance must be properly substantiated within 60 days of the date the expense was incurred or date of travel.

1. Substantiation Requirements: IRS substantiation requirements provide that the employee must document the date, time, place, amount, and business purpose of expenses. Employees should have documentary evidence, such as bills, itemized receipts, canceled checks, or similar documentation to support their claimed expenses. **Claims for payment with appropriate documentation must be received in the Office of Audit and Control within 60 days after the expense is incurred or date of travel.**

### **C. If applicable, excess reimbursements must be returned to the County within a reasonable period of time.** IRS “Safe Harbor” rules for a reasonable period of time indicate the excess reimbursements must be repaid within 120 days of the date the expense was incurred.

## Section 3. Expenses

### A. Meal Reimbursement

1. Any meal reimbursement for an employee who does not have overnight travel is a taxable fringe benefit according to the IRS and must be reported as wages on Form W-2.
2. Day Trip Reimbursement. Travelers may be reimbursed for lunch for day trips when traveling **outside of the County**. Travelers are entitled to reimbursement for breakfast if they have to leave at least two hours before their normal work start time, and/or for dinner if they return at least two hours later than their normal work ending time. Vouchers for meal **reimbursements** must state the purpose of the travel, and in cases of a voucher for multiple meals, the voucher must state the names of the individuals who received each meal.
3. Meal limits. Based on the County's past practice and interpretation of actual and necessary expenses, the maximum amount of reimbursement per meals is as follows:
  - a. Breakfast \$15.00
  - b. Lunch \$20.00
  - c. Dinner \$35.00Exceptions to meal limits may be made under limited special circumstances, at the discretion of the County Auditor.
4. Reasonable tipping will be allowed when properly documented. In no event shall it exceed 20% of the meal or 20% of the maximum amount of the meal reimbursement listed above, whichever is less.

### B. Meal Allowance

1. **Meal Allowances- When Not in Travel Status**
  - a. Any employee designated by his/her Department Head to report to work prior to such employee's regular workday or so designated to continue to work after the end of **his/her** normal work day may be paid a meal allowance when so provided by the employee's **collective bargaining agreement**.
  - b. **Travel is not required for an employee to receive a meal allowance, it is submitted and processed through Payroll and will be treated as a taxable fringe benefit.**
2. **Meal Allowances-While in Travel Status**
  - a. **Collective bargaining unit employees will follow what the union has agreed upon. For all other employees, when a County employee is in travel status, he/she may elect to receive a meal allowance instead of submitting itemized receipts for meal reimbursements. Once this option has been selected by the employee, it may not revert back to the meal receipt reimbursement method. In order to treat this allowance as non-taxable all the following criteria must be met:**
    - i. **The allowances must be below or equal to the U.S. General Services Administration's (GSA) per diem rate.**
    - ii. **The allowance request must include a statement that includes the business purpose for the trip, the date(s) and travel destination.**

**Please note: The GSA meal per diem rates by primary destination can be found at [GSA.gov/per diem](https://www.gsa.gov/perdiem). There are rates for first and last day of travel, as well as the amount(s) to deduct from the meal allowance when a meal or meals are furnished by the government or included in a registration fee.**

## C. Mileage Reimbursement

1. In general, an employee shall receive mileage reimbursement for official travel only to the extent that the total miles travelled exceed the total round-trip miles of commutation. Commuting mileage is defined as the number of miles travelled by an employee to and from the employee's residence and the employee's official work station. Commuting mileage is generally not reimbursed; however, to the extent it is, payment of commuting mileage is taxable according to the IRS regulations.

2. **Official Work Station**

The employee's official work station is the main office or branch office to which an employee is assigned to report to work. The official work station is designated by the Department Head and the designation must be in the best interest of the County. The purpose of an official work station is to establish when the employee is in travel status and eligible for reimbursement of travel expenses. Travel between the employee's home and official work station is considered commuting and is generally not reimbursable. The employee's home is considered to be in the city or town in which the employee primarily resides when working at his/her official station. If an employee works at more than one location, the department will designate the employee's official work station to be where he/she normally conducts business (i.e., the place where the employee works more time than any other work location). While a department can still make a designation in the best interest of the County, if a department assigns an official station that is not an employee's main place of business, there may be tax reporting obligations on the part of the County and potentially significant tax consequences for the employee.

3. Official travel mileage shall be computed along the most direct route possible with the employee bearing the expense of any extra mileage for travel by an indirect route.

4. **Special Rule**

- a. Official travel by an employee who has been designated by the Personnel Officer as a field employee; **OR**
- b. An employee that uses his/her privately owned or leased automobile to transport a person other than a County employee to a hospital, court, home or other facility on the County's behalf; **OR**
- c. Travel is required by the employee's Department Head to work
  - i. other than during the employee's normal work week, **OR**
  - ii. other than during the employee's normal work day (see below) **AND** at other than the employee's official work station shall receive mileage reimbursement without deduction for commutation. If required to work other than the normal work day, an employee must have left for/arrived home from work more than one hour prior to/after their normal leave/arrival time in order to receive commutation mileage. However, any amount of commutation mileage that is reimbursed shall be a taxable fringe benefit according to IRS regulations. For field employees, this means reimbursement for daily travel between the employee's residence and the first and/or last work location, other than their official work station, are taxable.

#### **D. Other Expenses**

1. Only actual, reasonable and necessary business-related expenses, such as lodging, registration fees, etc. will be reimbursed, and such expenses must be properly itemized with supporting documentation attached to the travel voucher. When meals and/or lodging are provided as part of a conference for which attendance has been approved, additional reimbursement is not permitted for those items.
2. Non-business-related expenses including but not limited to: speeding fines, parking tickets, laundry, entertainment (e.g., theater tickets, in-room movies), other personal charges or alcoholic beverages will not be reimbursed.

## Section 4. Transportation

### A. County-Owned Vehicles

All employees who are required to maintain a Driver's License as a condition of your employment with Sullivan County or any employee who drives a county-owned vehicle must enroll in the LENS Program through the Department of Risk Management and Insurance.

1. A County owned vehicle, if available, must be utilized by all County employees for any travel. The Office of Audit and Control is not authorized to process claims for mileage unless the RTA expressly allows for this type of reimbursement. For travel not requiring a RTA, Department Heads are required to ensure County-owned vehicles are utilized and may not approve travel vouchers unless a county-owned vehicle was not available. The Office of Audit & Control may request information to support the non-availability prior to processing said mileage reimbursement.  
Please note, if there is a medical need or special circumstances that a County owned vehicle cannot be utilized by an employee for travel, prior approval must be given by the County Manager or designee.
2. If a County vehicle is available, vehicles should be fueled up at one of the County locations. When traveling a far distance, a gas credit card should be requested from the Division of Public Works. There is a separate policy for the use of these cards which must be followed. A reasonable purchase of gasoline to get the vehicle to a County location to be fueled up may be approved.
3. Other necessary and/or emergency expenses incurred while using a County vehicle for business purposes may be reimbursed, if justified. Please note, before incurring any out of the ordinary expense, the Department of Public Works should be contacted for approval.
4. A daily use record log shall be maintained for all County vehicles, except for Sheriff's Department and Department Heads' vehicles. Daily use log forms are available from the Department of Public Works. These forms should be maintained on a daily basis and forwarded to DPW monthly within 10 days after the end of each month. Certain revised forms may be approved by the County Manager for departmental use.

### B. Common Carrier

Often times the most efficient and cost-effective method of transportation is using a common carrier such as a train, bus, taxicab or airplane. Common carrier should be used when appropriate.

### C. Personal Vehicle

1. A personal vehicle may be used for County business purposes when a County vehicle or common carrier is not available, is not cost effective, or is otherwise not feasible. Mileage reimbursement rates are determined by the IRS.
2. Claims must indicate the date and points of travel and be supported by a properly completed statement of auto travel which should include actual odometer readings. (see Section 1 A. Procedure for Filing Mileage/Travel Reimbursement)
3. Charges for gasoline, oil, accessories, repairs, depreciation, anti-freeze, towing, insurance and other expenditures will not be allowed. These are considered operational costs and are factored into the mileage reimbursement rate.