



## Employee Business and Travel Expenses Reference Tool

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See MMB Operating Policies and Procedures:

[PAY0020 - Travel Advances](#)

[PAY0021 - Employee Business/Travel Expenses](#)

[PAY0022 – Employee Relocation Expenses](#)

[PAY0049 – Self Service Business Expense](#)

Topic	Operating Policy and Procedure
<p><b>In and Out-of-State Travel Approval</b></p>	<p>Travel requirements:</p> <ul style="list-style-type: none"> <li>• All travel requires <b>advanced</b> approval and is for conducting state business.</li> <li>• Measures should be taken to minimize costs.</li> <li>• Per M.S. <a href="#">43A.38</a> subd. 2, employees <b>cannot</b> accept personal travel benefits such as frequent flyer miles, hotel perks or other rewards.</li> <li>• When travel is to be paid for, or reimbursed by a third party, complete page 2 of the <a href="#">Authorization for Travel</a> form including employee certification.</li> </ul> <p>Travel approvals:</p> <ul style="list-style-type: none"> <li>• In-State travel requires:                             <ul style="list-style-type: none"> <li>• Supervisor’s verbal approval if paid by the state.</li> <li>• Written approval using the <a href="#">Authorization for Travel</a> form for travel paid for or reimbursed by a third party. Follow out-of-state process below.</li> </ul> </li> <li>• Out-of-State travel requires written approval using the <a href="#">Authorization for Travel</a> form. (Submit to the FMR Accounting Director at least 10 days prior to the anticipated departure date.)                             <ul style="list-style-type: none"> <li>• Submit completed form to supervisor.</li> <li>• Supervisor reviews, approves, and submits form to FMR Accounting Director as appropriate.</li> <li>• FMR Accounting Director reviews, approves, and obtains agency head approval as appropriate.</li> <li>• A copy of the form is returned to requesting division for distribution and FMR retains the original.</li> </ul> </li> </ul>
<p><b>Authorization for Travel Form</b></p>	<p>When completing the form:</p> <ul style="list-style-type: none"> <li>• Attach an itinerary or agenda for the event.</li> <li>• Ensure trip dates correspond to event date plus reasonable time for travel.</li> <li>• Indicate personal time added to the trip and include sufficient documentation to clarify expenses paid by the state and the employee.</li> <li>• Justify mode of transportation other than airfare to destination. When an employee drives a personal vehicle for out-of-state travel, a quote for the lowest round trip airfare along with a calculation of anticipated mileage and related expenses must be attached. Reimbursement of mileage and related expenses will be limited to the lowest round trip airfare amount.</li> <li>• Justify decision to use rental vehicle at destination.</li> <li>• Detail financial decisions such as:                             <ul style="list-style-type: none"> <li>• Leaving early or returning later to take advantage of lower airfare: cost comparison (e.g. airfare, lodging, meals) must demonstrate it is more economical. If additional personal travel days are added to a trip, the state will pay the lesser of the actual air travel costs or the air travel amount that would</li> </ul> </li> </ul>

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	<p>have been paid had the additional personal days not been included. Two written airfare quotes must be submitted.</p> <ul style="list-style-type: none"> <li>• Other unusual situations which increase or decrease the cost of the trip.</li> <li>• Identify the following when travel is to be paid for or reimbursed by a third party:               <ul style="list-style-type: none"> <li>• name of the third party,</li> <li>• what expenses will be covered by the third party, and</li> <li>• whether the expenses will be paid directly by the third party or reimbursed to the employee or state by the third party. If the employee is reimbursed by the third party, they must provide the agency a copy of the expense report submitted for reimbursement to the third party.</li> </ul> </li> <li>• Travel to border communities is treated as in-state travel. Border communities are contiguous cities/towns/communities such as Fargo-Moorhead.</li> </ul>
<b>Business/ Personal Travel</b>	<ul style="list-style-type: none"> <li>• The state will only reimburse for expenses incurred that are directly related to the business portion of the trip. Expenses incurred on personal travel days are not reimbursable (e.g., lodging, meals, etc.).</li> <li>• The personal use of state vehicles is prohibited except where specifically allowed by <a href="#">M.S.16B.55</a>.</li> <li>• If a rental vehicle is used for both business and personal use, any additional costs incurred because of personal use will not be reimbursed.</li> <li>• Normal out-of-state travel time is arriving on Monday to attend or fulfill state business starting on Tuesday morning. If an earlier departure date is approved, the purpose of the earlier departure date must be noted on the <a href="#">SEMA4 Employee Expense Report</a> or in <a href="#">Self Service</a> business expenses.</li> </ul>
<b>Receipt Requirements</b>	<ul style="list-style-type: none"> <li>• Itemized receipts are required for all expenses except meals, taxi services, baggage handling, parking meters, pay telephones, coin operated laundry machines, tolls, and metered photocopiers unless specified by the applicable bargaining agreement or compensation plan.</li> <li>• It is the employee’s responsibility to obtain and submit correct receipts. No form of cancelled checks or credit card receipts or bills may be substituted for original receipts.</li> <li>• If a receipt is lost and a duplicate receipt cannot be obtained, an employee may be allowed to file an <a href="#">Affidavit in Lieu of Receipt</a>.</li> </ul>
<b>60-Day Rule</b>	<ul style="list-style-type: none"> <li>• The Internal Revenue Service (IRS) requires employee business expenses to be submitted for reimbursement within “a reasonable period of time” – which is further defined as within 60 days after the expenses were paid or incurred. If not submitted within 60 days, the expense reimbursement is categorized as supplemental wages and becomes taxable for federal, state, FICA and Medicare; and withholding tax must be taken. (See <a href="#">Department of the Treasury, Internal Revenue Service, Publication 15 (Circular E) Employer’s Tax Guide</a>.)</li> </ul>

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<p><b>Mileage</b></p>	<ul style="list-style-type: none"> <li>• Employees are reimbursed for actual mileage at the rates specified by the applicable collective bargaining agreement or compensation plan. These agreements and plans typically refer to a standard mileage rate determined and periodically updated by the IRS.</li> <li>• When an employee does not report to the permanent work location during the day or makes business calls before or after reporting to the permanent work location, the allowable mileage shall be:               <ul style="list-style-type: none"> <li>• The lesser of the mileage from the employee’s residence to the first stop or from the permanent work location to the first stop;</li> <li>• All mileage between points visited on state business during the day;</li> <li>• The lesser of the mileage from the last stop to the employee’s residence or from the last stop to the permanent work location.</li> </ul> </li> <li>• For city-to-city travel (referred to as trip miles), the individual must report the dates traveled, the cities traveled to, and the actual mileage traveled between cities. Address-to-address information may be requested to substantiate miles claimed.</li> <li>• For travel within a city (referred to as local miles), dates and individual stops must be listed including building, address, or other location.</li> <li>• Mileage claims are reviewed to ensure they are reasonable. Resources such as Yahoo Maps and MapQuest are used.</li> <li>• Mileage related to “call back” situations is reimbursable pursuant to the applicable collective bargaining agreement or compensation plan per <a href="#">M.S.16B.55</a>.</li> <li>• An employee may be required to use a state-owned or rental vehicle to conduct authorized state business.</li> <li>• Deviations from the most direct route, such as construction detours, shall be identified on the <a href="#">SEMA4 Employee Expense Report</a> or in <a href="#">Self Service</a> business expense and reimbursed.</li> <li>• Employees who drive their personal car to an airport because of state business are reimbursed for the mileage to and from the airport using the most direct route. Airport parking facility expense can only be reimbursed if documented and shown to be cost effective.</li> </ul>
<p><b>Meals</b></p>	<ul style="list-style-type: none"> <li>• Employees are reimbursed for the actual costs of meals (including tax and a reasonable gratuity and does not include alcoholic beverages), up to the maximum established by the applicable bargaining agreement or compensation plan.</li> <li>• Receipts are not required for meal reimbursement claims; however, employees must not treat meals as a per diem amount.</li> <li>• Departure and return times should be noted on the <a href="#">SEMA4 Employee Expense Report</a> or in <a href="#">Self Service</a> business expense as they are often needed to determine eligibility for meal reimbursement.</li> <li>• An employee is eligible for breakfast reimbursement only if required to leave home for a travel status</li> </ul>

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	<p>assignment before 6:00 am or to be away from home the previous night.</p> <ul style="list-style-type: none"> <li>• An employee is eligible for lunch only if in travel status (defined as performing required work more than 35 miles from the temporary or permanent station) and the work assignment extends over the normal noon meal period.</li> <li>• An employee is eligible for dinner reimbursement only if state business causes the return home from travel status after 7:00 pm or requires an overnight stay.</li> <li>• If a lodging facility provides a continental breakfast, the employee can be reimbursed if breakfast is eaten elsewhere.</li> <li>• If permitted by the applicable bargaining agreement or compensation plan, an employee who meets eligibility requirements for two or more consecutive meals shall be reimbursed for the actual costs of the meals up to the combined maximum reimbursement amount for the eligible meals.</li> <li>• Meals that are not associated with an overnight stay are considered a taxable benefit by the IRS and will result in withholding.</li> <li>• When a conference fee, hotel lodging, or commercial transportation includes meals, the employee is not eligible for additional reimbursement for those meals. Exceptions are limited and on a case-by-case basis.</li> </ul>
<b>Lodging</b>	<ul style="list-style-type: none"> <li>• The employee should select accommodations that are acceptable and reasonably priced.</li> <li>• Employees can only be reimbursed for a single-room rate. If the employee is lodging with additional guests, where other than the single room rate is charged, the single room rate must be noted on the lodging receipt.</li> <li>• Itemized receipts showing the detail of charges (e.g., room charge, taxes, etc.) are required for lodging claims.</li> <li>• Other allowable miscellaneous charges on the lodging invoice, such as meals, dry cleaning, telephone, etc., must be paid by the employee at the time of checkout, and claimed on the <a href="#">SEMA4 Employee Expense Report</a> or in <a href="#">Self Service</a> business expense.</li> <li>• If any employee stays overnight at the residence of friends, relatives, etc., the employee should write “courtesy lodging” on the <a href="#">SEMA4 Employee Expense Report</a> or in <a href="#">Self Service</a> business expense and will not be reimbursed for lodging for that night.</li> </ul>
<b>Rental Car</b>	<ul style="list-style-type: none"> <li>• A rental vehicle may be considered if business travel is required and public transportation is clearly not adequate. Rental vehicle usage requires a written justification.</li> <li>• If a rental vehicle is necessary, the employee must rent from the state’s contract vendor. State contract rates include full insurance coverage. If a rental vehicle is necessary and a state contract vehicle is not available, use of another vendor requires the employee to purchase the liability and physical damage coverage offered by the rental company. Employees will not be reimbursed for other optional coverage.</li> <li>• In the event of an accident involving a collision or comprehensive damage with a rental vehicle, immediate notification must be made to the employee’s supervisor. The supervisor must notify Admin’s <a href="#">Risk</a></li> </ul>

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	<p><a href="#">Management Division</a> regardless of fault.</p>
<b>Miscellaneous Expenses</b>	<ul style="list-style-type: none"> <li>• Tuition reimbursement – see <a href="#">Admin Policy #10 – Education Assistance</a></li> <li>• If an employee in travel status needs to purchase limited goods or services for business use, the expense may be reimbursed. Efforts should be made to bring the appropriate resources.</li> </ul>
<b>Travel Advances</b>	<ul style="list-style-type: none"> <li>• A travel advance is available for necessary reimbursable expenses that will be paid in cash. No advance will be issued for less than \$50. Advances are requested on the <a href="#">SEMA4 Employee Expense Report</a>. Advances must be requested timely, 10 - 14 days before the first date of travel. Travel advances cannot be issued earlier than one pay period before the start of the travel or occurrence of the purchase. Travel advances are normally processed during the payroll cycle and are issued to employees on their paycheck.</li> <li>• The amount of the travel advance request must not exceed the estimated allowable cash expenses to be paid while the employee is traveling.</li> <li>• The employee is responsible for the safekeeping of the funds.</li> <li>• Within five working days after the last day of travel, employees must submit actual expenses and itemized receipts on the <a href="#">SEMA4 Employee Expense Report</a>.</li> <li>• An employee may have only one outstanding advance at any given time.</li> <li>• FMR and the employee’s supervisor must ensure that advances are settled/recaptured within 28 days after the trip end date.</li> <li>• An advance that has been issued but not settled is called an unsubstantiated advance. Unsubstantiated advances will be added to the employee’s taxable gross earnings and withholding according to IRS regulations. This will be handled by Minnesota Management and Budget (MMB), Statewide Payroll Services.</li> <li>• All advances must be settled in accordance with fiscal year end instructions.</li> <li>• When the employee submits the <a href="#">SEMA4 Employee Expense Report</a>, if the total expenses for a trip are less than the advance amount, the employee’s pay will be reduced by the difference between all expenses paid and the advance. The employee may not submit a personal check or cash for the amount owed. When the total expenses are greater than the advance amount, the employee’s pay will include the difference between all expenses paid less the advance.</li> <li>• If an employee is no longer receiving a regular paycheck, or the last regular paycheck will not cover the outstanding advance amount, arrangements must be made to settle the advance.</li> <li>• If a trip is canceled, employee must notify the supervisor and FMR immediately. The agency must recapture the full amount of the travel advance.</li> </ul>