

CITY OF TUMWATER
POLICY MANUAL - PART 2: OPERATING POLICIES

SECTION 1
TRAVEL EXPENDITURE AND REIMBURSEMENT APPROVALS

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1.01 Purpose

To establish a policy and procedure related to obtaining travel authorization, advance travel funds, and expenditure or reimbursement authorization for expenses incurred in conduct of business of the City.

1.02 References

RCW Chapter 42.24, TMC Chapter 3.36 and Internal Revenue Service (IRS) regulations.

1.03 Definitions

1.03.01 “*Conference*”: Examples may include, but are not limited to, a symposium, seminar, forum, or convention associated with a league, association, alliance, etc. Can be interpreted to include any formal training session typically attended by an audience from a wide geographic area and organized by a regionally or nationally known entity.

1.03.02 “*Eligible Meals*”: Meals which are sufficiently related to work that the cost will be paid by the City. Eligible meals can be purchased, subject to this policy and tax regulations, on either a taxable or non-taxable basis.

1.03.03 “*Employee*”: References to “employee” can also be interpreted to include all other authorized personnel associated with the City.

1.03.04 “*Hosting*”: For regulatory purposes includes but is not limited to those activities that are intended to lobby or influence any elected official, governmental official, or vendor and are normally social rather than a governmental business event, and further normally includes expenditures for meals.

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1.03 Definitions

- 1.03.05 “Ineligible Expenses”: None of the following expenses shall be paid by the City: travel paid for by any other organization, alcoholic beverages, valet services (except as noted in 1.06.04), meals or lodging accommodations for family or guests, tour bus fees for sightseeing tours, mileage if traveling as a passenger in a privately owned car, trip insurance, hosting, or any other personal expenditure for entertainment or other purposes.
- 1.03.06 “Ineligible Meals”: Meals which do not meet the IRS qualifications for a tax free meal or are not sufficiently related to work or employee convenience to justify City payment.
- 1.03.07 “Per Diem Rates”: The City uses per diem rates for meals and incidentals as established by the Office of the General Services Administration (GSA) or as here by after amended obtained and maintained by the Washington State Office of Financial Management. The most current per diem rates can be found at the following web address: <http://policyworks.gov/org/main/mt/homepage/mtt/perdiem/travel.htm>. Per diem rates include the costs of tax and gratuity.
- 1.03.08 “Reimbursement”: can also be interpreted to mean “paid for by the City.” Eligible expenses need not necessarily be reimbursements to the individual, they can be expenses paid by the City directly to the vendor.
- 1.03.09 “Special Event”: An event that is not regularly scheduled. If scheduled, it occurs no more frequently than annually.
- 1.03.10 “Tax Home”: The IRS identifies this as your regular place of business regardless of where you maintain your family home. It includes the entire city or general area in which your business or work is located.
- 1.03.11 “Travel status”: The IRS defines this as a time when your duties require you to be away from the general area of your “tax home” substantially longer than an ordinary day’s work, and you need to sleep or rest to meet the demands of your work while away from home. (In almost all cases, this means an overnight stay is involved.)

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1.04 Policy

- 1.04.01 It is the policy of the City of Tumwater to reimburse City elected and appointed officials, employees, and members of the boards and commissions for their reasonable expenses actually incurred in the conduct of their business for the City. Generally, eligible expenditures include travel and living costs incurred by the individual while away from the City and necessitated by City business. Reimbursement for such necessary and reasonable expenses will be made subject to the rules herein by application and upon compliance with this policy and with Chapter 42.24, Revised Code of Washington. Such expenditures will be commensurate with the employee's normal standard of living, but it is assumed and expected that expenses will be consistent with the best interests of the City and its desire to minimize travel costs. Such expenses should first be authorized as provided for in Section 1.05.
- 1.04.02 Any normal travel time in excess of one day each way, which is brought about by the employee's choice of transportation, will be charged to the employee as vacation time. Paid time for travel shall be clearly resolved in accordance with FLSA guidelines in advance of authorizing travel.
- 1.04.03 Advanced Travel:
- A. Payment in advance for such travel expense may be made from an advanced travel fund subject to and in compliance with Chapter 3.36, Tumwater Municipal Code. An advance to the employee for approved anticipated travel expenses will not be paid when total estimated expenditures are less than \$50.00.
 - B. Travel advances are intended for out-of-pocket expense to be paid by the employee during authorized travel.
 - C. Travel advances are not intended for travel tickets, pre-registration fees, prepaid lodging and other such items which can normally be billed to the City, paid through the regular accounts payable system, or City credit card. Employees are expected to plan ahead for such items, as these items are not included in a travel advance.

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1.04 Policy

- D. The Advance Travel Fund will not be used to make reimbursement to employees.
- E. Travel advances are considered liens against any amount owed by the City to the employee. Any amounts in default may be withheld by the City from funds owed to the employee. No advance will be made to an employee who has an advance which is in default. Any employee with a demonstrated history of advance travel defaults may be barred from receiving advance travel funds by the Mayor, City Administrator or Department Manager, as appropriate.

1.05 Procedure

1.05.01 Approvals. Travel and expense reimbursement or credit card payment authorization under this policy must be signed, approved, and filed in the Finance Department on a City purchase order, or a petty cash slip if under \$20.00. Normally, claims for reimbursement and credit card charge receipts are to be submitted no later than 5 days after the return from travel. Ongoing approval responsibility for specific travel, reimbursement for expenditures and credit card charges shall be made, pursuant to normal purchase order duly verified by the claimant, and submitted for final approval as noted below:

- A. If Council or other commissions or boards – approval will be made by the Mayor.
- B. If the Mayor – approval will be made by the Mayor Pro Tem.
- C. If the City Administrator – by the Mayor or if the Mayor is not available, the Mayor Pro-Tem.
- D. If Department Manager – approval by the City Administrator.
- E. If other employees – by the direct supervisor and/or Department Manager.

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1.05 Procedure

1.05.02 Non-travel status travel expense need not be pre-approved prior to being incurred unless the individual who would normally approve such expenditures after the fact has set a policy that requires such pre-approval.

- A. Where pre-approval has not been required and the person proposing to incur the expense has any question about the legitimacy of the expense, pre-approval should be obtained.
- B. Individuals who incur non-travel status travel expense without pre-approval incur such expense at their own peril; i.e., if reimbursement or authorization of the expense is not approved, the expense will be the individual's personal obligation.

1.05.03 Use of City credit cards. Department Managers may issue their department credit cards. The act of obtaining a City credit card does not indicate pre-approval of expenses. City credit cards can only be used for the following travel related expenses:

- A. To pay conference registration and conference-provided meal fees
- B. To pay for eligible transportation related costs such as airfare and parking fees.
- C. To pay for eligible lodging costs.

1.05.04 Exception to use of City credit cards.

- A. A City credit card cannot be used when any portion of the expense will be the responsibility of the individual. For example, if lodging costs were higher because of an additional guest in the room, only the portion of the lodging cost attributable to the City can be charged to the City credit card.
- B. City Visa credit cards shall not be used for City vehicle expenses. Employees shall secure a gasoline card pursuant to 1.06.02 (C).

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1.05 Procedure

- C. City credit cards cannot be used for any meal expenses, whether in travel status or not, except as defined in 1.05.03 (A).

1.05.05 Documentation of Expenses

- A. All actual expenses shall be submitted to the Finance Department on the Purchase Order form. In the case of lodging expense, a detailed statement of charges must be submitted. Each employee is expected to submit his/her own travel expense voucher reflecting reimbursable expenses actually incurred.
- B. If lodging accommodations are shared between two or more employees, the lodging portion of the billing for all such employees may be submitted by the employee paying the bill.
- C. Claim of any charge which could reasonably raise a question should be accompanied by an explanation of such charge.

1.05.06 Individuals may be reimbursed for single non-travel status meal expense from the petty cash fund, provided proper documentation and approval is submitted. (See examples 1-2 and 10-16 in table below.)

1.05.07 Except for lodging where individuals share the same room or transportation conveyance (cab, rental car, etc), each individual seeking reimbursement must incur his/her own expense and seek individual reimbursement. The only exceptions are group meals arranged for working sessions or banquets arranged by the department.

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1.06 Eligible Expenditures Other than Meals

1.06.01 Registration – Actual cost of any employee at a meeting, conference, or convention for which he/she has received approval. Registration should be prepaid. The Finance Department is to be contacted in sufficient time to process the registration with regular accounts payable procedures. If it is not possible to prepay registration fees, receipts must be submitted for reimbursement, or accompany the credit card billing statement.

1.06.02 Transportation

- A. Actual costs for bus travel, train travel, taxi, tolls, car rentals, parking fees and air travel are eligible, provided all air travel shall be by coach class unless only higher cost accommodations are available. Payment for air travel shall be at actual cost from Sea-Tac/Olympia Airport to destination and return.
- B. Employees using a personally owned auto to travel out of town on City business will be reimbursed at the Internal Revenue Service rate and provided payment will not exceed coach class airfare to and from the same destination.
- C. When appropriate and while using a City-owned vehicle on City business out of the Thurston County area, the employee shall secure a City gasoline credit card from ER&R management and use such for purchases of gasoline, oil, emergency repairs, etc. City Department Visa credit cards are not to be used for City vehicle expenses, see 1.05.04 (B).

1.06.03 Lodging – Actual cost of hotel or motel accommodations is eligible. If a family member or guest accompanies the employee, the employee shall pay for the amount over that of a single accommodation. The single accommodation rate must be noted on the hotel/motel bill submitted.

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1.06 Eligible Expenditures Other than Meals

1.06.04 Laundry and Valet Service – Actual cost of laundry and/or valet service are allowable expenses when employees are required to be away from the City for more than six days at one time or the conditions under which they are required to work while away from the City create a more than normal need for such services.

1.06.05 Telephone – Charges for telephone are eligible for reimbursement if City business requires such communication. Where possible, calls should be made using the SCAN system. Employees staying outside of Thurston County on business are allowed one personal call per day at City expense. Such calls shall not exceed 10 minutes in duration. Any personal calls in excess of one per day are to be paid by the employee.

1.07 Meal Expenses

1.07.01 Meals – Meals associated with work by City employees are either eligible meals or ineligible meals as defined in 1.03:

1.07.02 Eligible Meals

- A. Unless the meal is provided by the conference organizers, as part of the conference agenda, an eligible meal expense will only be reimbursed at the applicable per diem rate.
- B. Unless the meal is provided by the conference organizers and paid for as part of the conference registration fee, meals cannot be charged to a City credit card.
- C. Meals for City Council, boards, commissions and staff conducting formal City business during meal times are specifically authorized.
- D. Meals consumed while in travel status.
 - 1. Such meals shall be reimbursed on a tax free basis consistent with IRS rules.

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1.07 Meal Expense

- E. Taxable Eligible Meals
 1. Certain meals consumed on official City business which do not meet the IRS definition of a travel status meal but require a City employee to travel outside of Thurston County are eligible for reimbursement by the City. (See example #16 in table below for Thurston County exception.)
 2. Non-travel status meals may not be paid for via City credit card.
 3. Such non-travel status meals are subject to income tax withholding. Reimbursements for non-travel status meals shall be taxed as income to the employee consistent with IRS rules.
 4. Taxable meals shall be reimbursed on the basis of the per diem rates established by the City for travel status meals.

1.07.03 Ineligible Meals

- A. Expenses for meals, where City business is conducted and that could reasonably occur during non-meal periods, are not eligible for reimbursement.
- B. Generally meals consumed within Thurston County are ineligible for reimbursement. See example #16 in table below for an exception to this rule.

1.07.04 Per Diem Rates –

- A. Individuals on travel status shall be reimbursed for meal expense using per diem rates.
- B. Meal and incidental expense (M&IE) per diem rates will be applied using IRS guidelines.
- C. M&IE per diem will be reduced by the amount of any meal not related to the travel and the amount of any meal provided as part of the conference or training. Incidental expenses can be pro-rated based upon the number of reimbursed meals.

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1.07 Meal Expense

1.07.05 The following chart is intended to provide examples for implementation of this policy:

City of Tumwater Meal Policy Policy Application Examples		
Eligible, Reimbursed and Subject to Income Tax Withholding (NOTE: City credit card may NOT be used for these meals)		
1	An employee attends one day training in Seattle (out of Thurston County) and lunch is not included in the registration fee	Eligible/ Reimbursed / Taxable Meal
2	An employee or elected official travels to Shelton (out of Thurston County) for a work related meeting which extends into a meal period and returns on the same day.	Eligible/ Reimbursed / Taxable Meal

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1.07 Meal Expense

Ineligible Meals <u>(NOTE: City credit card may NOT be used for these meals)</u> <i>(To avoid the appearance of conflict of interest, staff should not allow consultants, vendors, or others doing business with the City to pay for meals)</i>		
3	Consultant invites City Administrator, Department Manager or staff to lunch locally (regardless of location)	Ineligible Meal
4	An employee/elected official "hosts" another elected/government official or vendor for a meal (regardless of location)	Ineligible Meal
5	An employee attends training at South Puget Sound Community College and lunch is not included in the registration fee	Ineligible Meal
6	City Administrator meets <u>regularly</u> with regional City Managers at a local restaurant for breakfast, lunch or dinner (regardless of location)	Ineligible Meal
7	Department Manager or staff meet <u>regularly</u> with regional counterpart for any meal at a local restaurant (regardless of location)	Ineligible Meal
8	Councilmember <u>asks</u> to meet with employee over lunch at a local restaurant to discuss regional/city issues (regardless of location)	Ineligible Meal
9	Council has a <u>regularly</u> scheduled early morning committee meeting and breakfast is ordered for staff and officials (regardless of location)	Ineligible Meal

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Eligible, Reimbursed and Not Subject to Income Tax <u>(NOTE: City credit card may NOT be used for these meals)</u>		
10	Council has a <u>non-regular</u> , early work session at 5:30 p.m., prior to 7:00 p.m. council meeting. Participating staff are invited to order dinner to be delivered for the meeting.	Reimbursed / Tax Free
11	An employee attends training out of town which includes an overnight stay and a meal is not included in the registration fee	Reimbursed / Tax Free
12	Department Manager asks employee to fill-in for him/her at a local breakfast, lunch or dinner meeting (same day notice, no advance notice given)	Reimbursed / Tax Free
13	An employee is required to work through lunch or take a shortened lunch due to emergency or special project	Reimbursed / Tax Free
14	An employee attends a not regularly scheduled business meeting on behalf of the City during breakfast, lunch or dinner. The meeting is held locally and the meal is consumed by meeting participants as part of meeting.	Reimbursed / Tax Free
15	An intergovernmental agency (e.g. LOTT, TRPC) calls a <u>special meeting</u> in Olympia to discuss regional issues. Lunch is purchased by the Tumwater staff and officials attending and consumed while the meeting is conducted.	Reimbursed / Tax Free
16	A meal is provided by the conference or special event (regardless of location) organizers, whether or not it is included in the registration fee or in addition to, for which the meal has a business purpose such as a keynote speaker. (This meal is not subject to the per diem limits referenced in 1.07.04.)	Reimbursed / Tax Free