



# FIN-004: Travel, Meals, and Entertainment Expenses Incurred on Behalf of the University

Date: 01/01/2017 Status: Final

Last Revised: 12/11/2017

Policy Type: University

Contact Office: Procurement and Supplier Diversity Services (Financial Operations)

Oversight Executive: Vice President for Finance

Applies To: Academic Division and the College at Wise.

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## Procedures

Reason for Policy:

The University is committed to sound fiscal stewardship of funds and compliance with applicable federal and state laws. Guidance is provided for University employees and non-employees who are traveling, or entertaining on behalf of the University. This policy is intended to meet the Internal Revenue Code definition of an "Accountable Plan."

Policy Summary:

University employees and non-employees must obtain required approvals, stay within established expense limits, and comply with other requirements established in this policy. The University will pay for reasonable, appropriately documented, and properly authorized travel, meal, and entertainment expenses as set forth in this policy. All expenses must support the mission of the University. Expenses for employees should be pre-approved by the employee's supervisor and department fiscal approver. Expenses for non-employees should be pre-approved by the department head and fiscal approver, if required.

All expenses should be carefully planned such that the expenditures are necessary, prudent, and as economical as possible.

Individual University schools and departments may choose to implement more restrictive policies and procedures than those established for the University (with the exception that University schools and departments must not impose restrictions that would violate University policy [HRM-009, Preventing and Addressing Discrimination and Harassment](#), which prohibits discrimination on a variety of bases, including disability); however these restrictions will not be enforced by the University's automated expense system and must be monitored and enforced by the school/department.

Compliance with this policy is the responsibility both of the person incurring expenses on behalf of the University, and those who certify compliance with these requirements by verifying funding availability and approving expenditures.

Anyone who incurs an expense on behalf of the University must report and document claims for payment or reimbursement following these requirements and the procedures located on the [Procurement and Supplier Diversity Services \(PSDS\) website](#). Expenditures will be verified to ensure that expenses were necessary, appropriate, and within prescribed limits. ***Expenses that have been or will be paid by other payers cannot be submitted for reimbursement (see the Policy Statement below for more detailed information).*** Falsifying an expense report constitutes fraud and may be cause for disciplinary and/or legal action.

Note: This policy does NOT cover the following travel, meals, and entertainment expenses:

- Expenses associated with moving and relocation. These reimbursements are subject to University policy [FIN-013, Reimbursement of Moving and Relocation Expenses](#).
- Expenses pertaining to National Collegiate Athletic Association (NCAA) travel requirements where applicable. These policies can be located on the [NCAA website](#).
- Student travel expenses related to study abroad programs. Information on study abroad programs is available on the [Education Abroad website](#).

#### **Reasonable Accommodations for an Individual with Disabilities:**

Exceptions to this policy are authorized when necessary to provide reasonable accommodations for an individual with a disability. An individual who requires reasonable accommodations for travel should make such requests in advance of booking travel to the supervisor and/or HR professional with appropriate documentation. Such requests will be evaluated by University schools and departments in consultation with the University's ADA Coordinator and the Office for Equal Opportunity and Civil Rights at [uvaeocr@virginia.edu](mailto:uvaeocr@virginia.edu), 434-924-3200.

#### **Definition of Terms in Statement:**

- Bona Fide Business Purpose:

A *bona fide* business purpose exists if the individual can prove a real business purpose for incurring the expense.

- Business Meal:

A meal that includes more than one person, has a substantive and Bona Fide Business Purpose deemed essential to the University's mission, and has departmental approval.

**Note:** Business meals are distinct from both daytrip and overnight "Travel Meals." Business meals may be taken while traveling, but the meal must be claimed as either "travel" or "business," not both.

- Companion:

An individual accompanying a University employee on University-related business and incurring travel or meals expenses reimbursable to the University employee under this policy.

- Day Trip:

A trip taken for University business that does not involve an overnight stay.

- Designee:

An individual designated by another to act on their behalf. The selected individual is one who has the appropriate knowledge and authority to approve expense reports. The designee cannot approve his/her own expense report unless they are a self-approver.

- Employee (4):

Faculty, staff, and others (including students) identified as an employee in the University's Human Resource system. Also known as the Expense Owner.

- Expense Approver:

The individual who has fiduciary responsibility and is designated as the "Approver" in the Recon@ System for a Project. The selected individual is one who has the appropriate knowledge and authority to authorize expense reports. The Expense Approver certifies that expenses are reasonable and necessary and within budget for the PTAO combination(s).

- Expense Report:

An expense report is either a request for reimbursement of business expenses incurred on behalf of the University or the allocation of Travel and Expense Card transactions to the appropriate University accounts.

- Fiscal Approver:

The individual who has fiduciary responsibility and is designated as the "Preparer" in the Recon@ System for a Project. The selected individual is one who has the appropriate knowledge and authority to authorize expense reports. The Fiscal Approver certifies that expenses are charged to the correct PTAO combination(s), expenses adhere to University and/or Departmental policy, and required supporting documentation is attached to the expense report.

- International Travel:

Travel outside the United States. For reimbursement rates, this would also include travel to Alaska, Hawaii, the Commonwealths of Puerto Rico and the Northern Mariana Islands, and possessions of the United States.

- Job Candidate:

An applicant who is being considered for a job.

- Local Funds:

Restricted and unrestricted resources composed of gifts, endowments, and endowment income. Some exceptions to State and Sponsored Program limits can be processed using these funds.

- Non-Employee:

Individuals that are not paid through the University's Human Resource system, such as contractors, students, visiting scholars, guests, and job candidates.

- Per Diem:

A daily monetary allowance for employees to cover the cost of meals and incidentals published in the Rate Guide.

- Rate Guide:

Federal rates used for per diem published by the U.S. Government which includes maximum lodging, meals, and incidental rates based on location of travel. The Rate Guide is established by the General Services Administration for destinations in the contiguous U.S. (CONUS) and by the Department of Defense for non-CONUS destinations.

- Receipt:

Documentation that shows vendor name, address, items purchased, cost, and date.

- Self-Approver:

An individual who does not need supervisor's approval before incurring expenses and has authority to self-approve his/her own expenses. Only the University president, members of the president's executive cabinet, the Chief Executive Officer of the Medical Center, the Chancellor at Wise, the Executive Director of the Miller Center, and deans may self-authorize or approve his/her own expenses.

- Sponsored Projects:

Projects funded by revenue derived from grants and contracts. Restrictions and limits set by the University for other sources of funds apply.

- Supplemental Approver:

The individual designated as the Employee's Supervisor in the University's Human Resource System and certifies exceptions to policy are reasonable, necessary, and support the mission of the University.

- University Travel and Expense Card (T&E Card):

A credit card issued to an authorized individual to make official purchases of small dollar goods and services, travel, meals, and entertainment (that do not require competitive bidding) quickly and directly.

- Vendor:

Any entity that supplies goods or services.

#### Policy Statement:

University Employees and Non-employees may expense reasonable and necessary costs incurred for official University business according to the requirements set forth below. Any travel, meal or entertainment expenses paid outside of the University's accountable plan will be considered taxable income. Departments should take tax considerations into account before approving expenses not meeting the requirements of this policy. (See IRS [Publication 463](#) for more guidance on the rules applicable to reimbursement of business travel, meals, and entertainment expenses.)

The University is a public institution governed by the Commonwealth of Virginia. As such, all expense records, regardless of fund source, are open to the public under the Federal and State Freedom of Information Acts.

Travelers are allowed one day of travel before the beginning of a conference or University business event and one day of travel after the conclusion of a conference or University business event for domestic travel (travel within the United States) and up to two days of travel before and after international travel.

**The reimbursement received by an individual from all sources can never exceed the total expenses incurred by that individual.**

a. *Combined University Business and Personal Travel:*

When combining University business and personal travel (e.g., vacation, consulting, etc.), only the business portion of the trip is an allowable expense. Personal expenses should be paid for using personal credit cards or other methods that do not result in the University paying for the personal expense. Reimbursement for airfare may not exceed the lowest available cost of a direct or uninterrupted route. If the traveler uses an indirect route or interrupts travel for personal convenience, any additional expenses incurred are the sole responsibility of the traveler and should be documented.

b. *Travel Paid by a Vendor:*

When travel expenses for an Employee will be paid in whole or in part by a Vendor, the University, not the traveler, may seek reimbursement of these expenses. (For more detailed information, see policy [FIN-019, Acceptance of Gifts and Special Benefits from Vendors](#); Section 3, Vendor Paid Travel.)

c. *Travel Paid by an External Organization:*

When travel expenses for an Employee will be paid by an external organization, the individual is responsible for seeking reimbursement from that organization. If an individual is taking a trip that will be paid in part by an external organization, the University will pay only the agreed upon share of the actual expenses necessary for University business. Any incremental expense (lodging, meals, airfare, etc.) above what would have been incurred solely for University business may not be submitted for reimbursement. When an external organization pays for actual expenses incurred for lodging or meals, the individual may not claim meal *Per Diem* from the University.

Generally, expenses may be paid with any source of funds. However, for sponsored projects, restrictions imposed by the sponsors may apply. Compliance with sponsor requirements is the responsibility of the individual authorizing expenditure of sponsored funds. Where a difference exists between University and sponsor restrictions, the more restrictive will apply.

All alcohol must be purchased with local funds only. Information on circumstances under which alcohol may be served is published in policy [STU-001, Use of Alcoholic Beverages and Prohibition of Other Drugs](#).

Tips and gratuities are allowed for service industries where it is customary. Tips should be reasonable and follow best practices.

**Export Controls:**

The University supports international travel to strengthen the University's partnerships in education and research. However, there are certain Federal regulations that must be adhered to and steps that should be taken to support a compliant trip.

- a. International travel and related exports of University equipment, software, or proprietary information are subject to University policy FIN-043, Managing Exports of Controlled Technology to Foreign Persons and Destinations in Support of Research and Scholarship, and US laws on export control. A license from the US government may be required for temporary or permanent exports to certain countries. Export license requirements are based on a combination of factors including, but not limited to, the item(s) to be exported, the country of destination, what the item will be used for, and who will have access to it while it is out of the U.S. therefore it is imperative that all exports be reviewed and approved by the Office of Export Controls.
- b. Prior approval **MUST** be obtained from the Office of Export Controls for all University activities involving sanctioned countries (a list of comprehensively sanctioned countries is available on the International Travel page of the Export Controls website) before:
  - making travel arrangements, regardless of who will be paying for the travel;
  - shipping University-owned equipment, software, samples, data, or other materials to sanctioned countries;
  - receiving equipment, software, samples, data, other materials from a sanctioned country; or
  - receiving financial support from anyone in a sanctioned country.
- c. Failure to obtain prior authorization for activities subject to export control or sanction regulations may result in serious personal liability and dis-allowance of charges by the University.

Please see the University's Export Controls website for additional information on export control and sanction regulations and associated University policy, procedures and guidance.

#### 1. **Employee Expenses:**

An employee may assign a Preparer to complete an expense report on their behalf, but the employee must certify the expense report before it can be submitted for approval. An employee cannot approve his/her own expense report unless they are a self-approver.

The University is not responsible for any expenses incurred due to accidents or injuries when the Employee is not on official business.

The University Travel and Expense (T&E) Card is the preferred method of payment for all employee initiated expenses. (See the [University of Virginia Travel and Expense Card Program](#) for reasons to use a T&E card.)

Reimbursement requests for expenses paid with personal funds and Travel and Expense Card expenses must be expensed through the University's Expense Management System (an on-line system used to expense Travel and Expense Card transactions and to reimburse employees). Expenses will only be reimbursed after incurred or with travel reimbursements, after the completion of the trip.

Cash Advances are allowed under certain circumstances to cover travel expenses (see policy, [FIN-039, Obtaining a Cash Advance](#)).

All expense reports must be approved by (1) the employee that incurred the cost, (2) the fiscal approver (or Designee) of the expense "project" that will be charged for the cost; and (3) the expense approver (or Designee) of the expense "project" that will be charged for the cost. If the employee that incurred the cost is also the fiscal approver or expense approver of the expense "project" that will be charged for the cost, then the supplemental approver is

responsible for certifying the expense(s) is valid, reasonable, and necessary. If the employee incurring the cost is a self-approver, supplemental approver approval is not required.

**Expense reports are required to be submitted within 30 days** from the completion of travel or of incurring the expense. Justification and approval from the supplemental approver is required in cases where the travel expense report submission exceeds 30 days.

Employees are required to submit itemized receipts for expenses \$75 or more. Air and rail tickets, hotel, and car rental receipts are required regardless of the dollar amount. Receipts must be submitted electronically into the University's expense management system by the person incurring the expense or his/her designee. The purpose (who, what, when, where and why) must be included in the expense report. (Refer to the [Travel Procedures](#) section of the Procurement and Supplier Diversity Services (PSDS) website for detailed information.) If a required receipt is missing, please follow the documentation requirement as outlined on the [PSDS website](#).

**a. Travel:**

All travel must be authorized by someone who has knowledge of the traveler's plans and the authority to question or reject it prior to any cost being incurred (usually the traveler's supervisor or designee). This does not apply to self-approvers.

TravelUVA, the University's travel management program, is the preferred method for booking University travel.

**i. Transportation:**

Travelers should seek the least expensive mode of travel and travel fares.

1. **Domestic Air:** Coach class tickets are an allowable expense. All other class of tickets are discouraged, but can be purchased with justification and approval by the Supplemental Approver. No approval is required regardless of class for self-approvers.
2. **International Air:** Coach and business class are an allowable expense. First class tickets are discouraged, but can be purchased with justification and approval by the Supplemental Approver. No approval is required regardless of class for self-approvers.  
  
If using Federal Funds, travelers must adhere to the "Fly America Act."
3. **Airline Upgrades:** Airline upgrades costing more than \$350 require justification and approval by the Supplemental Approver. No approval is required for self-approvers.
4. **Rail:** Business class rail is an allowable expense. Tickets that include sleeping accommodations require justification and approval by the Supplemental Approver. No approval is required for self-approvers.
5. **Unused Tickets:** Unused tickets resulting from University travel, belong to the University and must be reported to the traveler's department and be used to reduce future University business costs for the traveler. When an Employee terminates employment and has credit for an unused ticket the department must contact [Travel@virginia.edu](mailto:Travel@virginia.edu) for direction as to whether or not the ticket can be transferred to another Employee or credited.

6. **Private or Chartered Air Travel:** Private or chartered air travel is permitted when authorized by the traveler's dean or vice president prior to making the purchase. Athletic team travel by charter requires only supervisor approval. All private and chartered air travel must be handled by a PSDS buyer. (For use of the University airplane, see policy [PRM-001, Use of University Airplane or Private Air Transportation Service](#).)
7. **Global Entry & TSA Pre-Check Expenses:** Application fees related to trusted traveler programs, such as TSA Pre-Check and the U.S. Customs and Border Protection Global Entry Program, are allowable expenses for Employees who travel frequently for University business.
8. **Vehicle Rental:** Employees are strongly encouraged to rent any vehicles through agencies under contract with the University. The University qualifies for tax exempt status for vehicle rentals in the state of Virginia and other select states. It is the traveler's responsibility to understand the tax rules of the state which they are visiting and to make sure that tax is appropriately charged. (See the University's [Tax Compliance & Operational Contracts](#) website for more information on tax exemptions.) The traveler should decline any additional insurance offered for any vehicle leased or rented within the continental United States, its territories or possessions, or Canada. [Note: Rental of 15-passenger vans is not permitted per policy [SEC-001, 15-Passenger Vans](#).]  
  
For rental vehicles, the University reimburses actual expenses, not mileage rates. The traveler must provide justification for refueling at the rental car agency. The traveler is required to purchase the LDW and CDW insurance on the rental contract for vehicles rented outside the United States, its territories or possessions, or Canada. (See policy [FIN-006, Insurance Coverage](#).)
9. **Personally-Owned Vehicles:** The use of personally-owned vehicles will be reimbursed at current Standard Mileage Rates established by the IRS. In using personal vehicles for international travel, the University will reimburse the actual cost of operation of such a vehicle. Travelers should make sure their personal auto liability insurance is in force while driving in or outside of the U.S. While on authorized University business, the University provides excess liability coverage above the individual's personal auto liability insurance limits, but the individual's personal auto liability insurance must always provide the primary coverage.
10. **Parking Fees:** Parking fees incurred while traveling on official University business are an allowable expense.
11. **Parking or Traffic Fines:** Parking or traffic fines are not a reimbursable expense for University faculty, staff, or students.
12. **Commuting:** Commuting to and from work is not considered business travel and mileage is not reimbursable. Parking costs associated with commuting are not allowable expenses.
13. **Carbon Offset Fees:** Optional carbon offset fees on airfare, car rentals, or any other form of travel are not an allowable expense.



**ii. Lodging:**

Travelers should follow the University's standard nightly limit for lodging. The limit is \$300 for hotels and other alternative lodging. Exceptions over \$600 per night require justification and approval by the Supplemental Approver. No approval is required for self-approvers. Taxes and surcharges may be reimbursed in addition to the nightly limit.

1. **Non-Canceled Lodging Reservations:** The University may not pay the cancellation fee for reservations that were not canceled promptly.
2. **Non-Refundable Pre-Payment:** Lodging that is non-refundable may not be paid in advance.

**iii. Meals:**

Employees may choose to claim either the per diem for the locale to which they are traveling, or the actual cost incurred for meals (documented by receipt for meals \$75 or over).

1. **Travel Per Diem:** Employees claiming the Per Diem, regardless of fund sources, must follow the rate thresholds in the Rate Guide. Meals provided by others or classified as a business meal must be deducted. Employees will receive 75% of the per diem rate for first and last day of travel regardless of the actual meals purchased or travel times. (This is an IRS rule to ensure a compliant Accountable Plan.)
2. **Travel Actual Meals:** When claiming actual meals Employees should follow the University's standard daily limit of \$75. Exceptions over \$150 per day require justification and approval by the Supplemental Approver. No approval is required for self-approvers.
3. **Business Meals:** A business meal may occur in travel or non-travel status. Employees should follow the University's standard daily limit of \$75. Exceptions over \$150 per day require justification and approval by the Supplemental Approver. No approval is required for self-approvers. The University will not pay for meals in recognition or in honor of particular individuals (e.g., wedding or baby showers). These meals are considered personal in nature. (Requirements and the procedures for documenting a business meal are located on the Procurement and Supplier Diversity Services (PSDS) website.)
4. **Day Trip Meals:** When claiming day trip meals, employees should follow the University's standard daily limit of \$75. Exceptions over \$150 per day require justification and approval by the Supplemental Approver. No approval is required for self-approvers. Per IRS regulations, day trip meals are a taxable benefit to employees; applicable taxes will be collected through payroll deduction.

**iv. Bundled Travel Packages:**

Bundled travel packages (where air fare, hotel, and car rental costs are included in a single payment) are not an allowable expense.

**v. Incidentals:**

For travelers claiming per diem, incidentals are included in the per diem rate. For travelers claiming actual meals, actual incidental expenses can be claimed.

Incidentals that may be reimbursed include tips to hotel staff, phone calls home, and other business-related expenses.

vi. **International Travel Expenses:**

Costs related to international travel for University business are an allowable expense. Such expenses may include visas, passports, medications, and immunizations.

vii. **Other Allowable Travel Expenses:**

Telephone services, facsimiles, internet access, and traveler's check fees when required for University business; and registration fees for functions related to University business may be allowed when employees are expected to attend as part of their job duties.

b. **Entertainment:**

Expenses (including entertainment-related meals) incurred while entertaining Non-employees are allowable if they have a clear business purpose or occur directly before or after conducting University business. Entertainment expenses may include social or recreational activities. Entertainment should be within reasonable limits and not lavish, excessive, or inappropriate.

Entertainment expenses are rarely allowed on sponsored projects; consult the Office of Sponsored Programs before incurring any entertainment expenses to verify whether such costs would be permissible.

2. **Non-employee Expenses:**

In general departments should follow employee allowable limits when agreeing to reimburse for Non-Employee expenses.

Non-Employees must be reimbursed based on itemized receipts. Expenses will only be reimbursed after incurred, or with travel reimbursements, after the completion of the trip. (Please note it will require the non-employee to register as a vendor and provide his/her social security number.) Some international Non-Employees who are students or visiting scholars may not be eligible for expense reimbursements. (For guidance, see Policy [FIN-014, Academic Honorarium Payments to Non-Employees Including Short-term, Non-Immigrant Alien Visitors.](#))

Departments can direct pay air and rail tickets and lodging for non-employees.

Expenses for Non-Employees must be itemized and require detailed receipts to support all costs regardless of the amount. Receipts must be submitted electronically with the non-employee Reimbursement expense form to Procurement and Supplier Diversity Services.

a. **Travel:**

All travel must be authorized by a University employee who has knowledge of the traveler's plans and the authority to question or reject it prior to any cost being incurred. Expense reports for non-employees require the approval of the fiscal approver and the expense approver. Travel exceptions that require supplemental approval should be approved by the Supplemental Approver of the expense report Preparer.

- i. **Unused Tickets:** If the University prepays for a non-employee air or rail ticket that cannot be used, the department must contact [Travel@virginia.edu](mailto:Travel@virginia.edu) for direction as to whether the ticket can be transferred to another person or credited.

- ii. **Vehicle Rental:** Non- employees are not covered under the University's automobile self-insurance plan. For these individuals, the University may reimburse car rental insurance. However, the University will only reimburse liability damage waiver (LDW) and collision damage waiver (CDW) insurance.
- iii. **Meals:** Non-Employees cannot receive a Per Diem and must be reimbursed for actual meal costs based on itemized receipts.

b. **Job Candidate Expenses:**

A Job Candidate's travel expenses related to an interview may be reimbursed on a nontaxable basis pursuant to IRS Revenue Ruling 63-77. Expenses will be paid based on actual costs and must be supported by itemized receipts regardless of the amount. Travel expenses for spouses and dependents are permissible during the interview process prior to the acceptance of an employment offer since employment is considered a family decision.

c. **Living Allowance:**

Non-employees may also be paid a living allowance instead of actual expenses. Living allowance payments made to United States residents over the maximum annual IRS limit (\$600) will be reported as taxable income on Form-1099. Living allowances payable to NRAs regardless of amount will be routed to Payroll for tax withholding before payment.

d. **Companion Expenses:**

Expenses related to a companion traveling or attending a business meal, whether a companion of an Employee or Non-employee are an allowable expense if the companion is considered to have a bona fide business purpose, rather than a personal or social purpose. Companion expenses will be paid based on actual costs and must be supported by itemized receipts regardless of the amount. Expenses related to companion travel and business meals require justification and approval by the Supplemental Approver.

Procedures:

See the PSDS website - [Planning and Paying for Travel](#).

Related Information:

Travel & Expense Services: [travel@virginia.edu](mailto:travel@virginia.edu)

[FIN-014, Academic Honorarium Payments to Non-Employees Including Short-term, Non-Immigrant Alien Visitors](#)

[FIN-019, Acceptance of Gifts and Special Benefits from Vendors \(for vendor paid travel\)](#)

[FIN-039, Obtaining a Cash Advance](#)

[FIN-043, Managing Exports of Controlled Technology to Foreign Persons and Destinations in Support of Research and Scholarship, Section 4](#)

[HRM-006, Employee Recognition for Classified Staff](#)

[PROV-010, Student International Travel](#)

[STU-001, Use of Alcoholic Beverages and Prohibition of Other Drugs](#)

Policy Background:

This policy is governed by the University's Travel and Expense Management Steering Committee.

Major Category: Finance and Business Operations

Next Scheduled Review: 01/01/2020

Approved by, Date: Executive Vice President and Chief Operating Officer, 01/29/2016

Revision History: Updated 12/11/2017, 10/12/17; Revised 8/28/17, 4/17/17, 4/13/17, 1/1/17, 5/10/16.

Supersedes (previous policy):

FIN-004, Payment or Reimbursement of Business Meals (VI.G.2, Meal Expenses); FIN-009, Payment or Reimbursement of Social Event Meals (VI.G.2, Meal Expense); FIN-016, Individuals Authorized to Approve Local Fund Exceptions to State Policies and Self-Travel (VI.A.12); FIN-030, Payment or Reimbursement of Travel Expenses (VI.G.1, Travel Expenses); VI.F.2, Restrictions on Local Funds Expenditures

**Source URL:** <http://uvapolicy.virginia.edu/policy/FIN-004>