

***Knox College Policy***  
***on***  
***Travel, Entertainment, and Business-Related Expenses***

This policy is intended to guide Knox College-related travel, entertainment, and business-related expenditures. It supports the College's commitments to both appropriate support for professional expenses and fiscal sustainability. The policy is governed by Internal Revenue Service (the IRS) publication 463, "Travel, Entertainment, Gift and Car Expenses." This document describes the underlying regulations in Section 162 of the Internal Revenue Code (the Code).

The IRS states that ordinary and necessary business related expenses are deductible and reimbursable. The IRS defines ordinary as "common in your field of trade, business or profession"; and necessary as "helpful and appropriate for your business." The IRS states that meals, hotels and entertainment expenses cannot be "lavish or extravagant." The IRS requires all businesses (for profit and not-for-profit) to reimburse employees for travel and entertainment expenses with the following guidelines:

- ❖ there must be a business reason for the expenses
- ❖ the employee must substantiate the expenses
- ❖ the employee must return to the employer any amount advanced in excess of the expenses
- ❖ expenses must be substantiated within 30 days of travel.

To be in compliance with IRS regulations, the College has prepared the following accountable travel expense reimbursement plan. This document has been reviewed and approved by the President and President's Council. These guidelines apply to all business-related expenses by College faculty, staff, and students.

For group study travel including faculty and students, please see Short Term Study Away Handbook from the Stellyes Center for Global Studies for additional guidelines governing the use of College funds. Travel expenses incurred by any employee which are funded by federal grants must also comply with federal travel regulations as outlined in individual grant proposals, budgets, and other grant guidelines and in OMB Circular A-21.

This is an evolving document. Updates will be made as regulatory (IRS) and industry standards change. Please review this policy at least annually to be sure you are in compliance with the guidelines. The policy will be available on the Business Office website.

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## ***Air or Rail Transportation***

The College will reimburse the cost of airplane or train tickets in **coach class only**; upgrades should be paid for by the traveler. All efforts should be made to obtain the lowest, coach fare available. This usually requires booking 14 to 30 days in advance and a non-refundable ticket. In the event a non-refundable ticket has to be canceled, the airlines will charge a fee and issue a credit that has to be used by that employee within the year; penalties can be quite high.

The benefit of locking into a fare should be weighed against the risk of having to make changes in travel plans before purchasing a ticket. If a penalty is incurred due to cancellation, the employee's supervisor must approve reimbursement/payment of that amount.

For electronic or paper tickets, please request a receipt or submit the web page printout or confirmation letter that is e-mailed to the traveler.

For paper tickets, please provide the last page of the airline or train ticket (passenger receipt) as receipt for the trip. It is important that documentation is submitted that shows the name of the person traveling, the destination and the cost of the ticket, including proof of payment (*e.g.*, a receipt indicating the use of a credit card to make payment.)

Most airlines have instituted and strictly enforce rules regarding the number, size and weight of bags allowed for each passenger. Employees should be aware of these rules and make sure they are in compliance with the rules. The College will reimburse fees charged for one carry-on or checked bag. Additional baggage charges and charges for personal items (*e.g.* golf clubs) will not be reimbursed without the approval of your vice president.

### ***Business and Personal Travel***

In instances where a traveler interrupts business travel for personal convenience, travels by an indirect route, or is accompanied by his/her spouse/partner, or family member or friend, not on College

business, the traveler must maintain accurate records to substantiate official business travel. The College does not reimburse any expenses incurred on behalf of the spouse/partner/family/friend for their personal travel.

### ***Charter and/or Private Aircraft***

For the safety of travelers, Knox does not recommend flying on charter and/or private aircraft. The College assumes no liability for death, personal injury, or property damage in connection with charter/private aircraft travel.

### ***Travel Agencies and Ticketing Fees***

Employees are free to work with or deal directly with the airlines/hotels or purchase transportation/lodging online. Reasonable effort should always be made to find the lowest possible airfare. When attending a conference or professional meeting, employees should check the group airfare rate negotiated by the event sponsor. Often, these group rates are quite a bit lower than fares that can be obtained directly from the airlines or through a local agent.

Discounts are often available through AAA, AARP and other personal and professional organizations. The College cannot pay for personal memberships, but, if these discounts are available the College encourages the employee to use them and appreciates the effort to minimize travel costs.

### ***Support Staff Travel***

In certain circumstances support staff may be required to be compensated for time spent while traveling on behalf of the College (getting to and from a conference or a meeting location). Please consult with Human Resources on this important compensation issue.

### ***Family or Companion Travel***

The payment for a family member or friend traveling on business is closely regulated by the IRS. The IRS requires a “bona fide business purpose” for the companion to be on the business trip for the expenses to be reimbursable. In the event a spouse, partner, or family member travels with the employee, any increased costs must be paid by the employee (*e.g.* double vs. single occupancy, meal costs, etc. If a double room is the same cost as a single, the College will pay for the double, and documentation noting the same cost should be shared with the expense report). The College will reimburse only business-related expenses for the employee.

### ***Frequent Flyer Miles***

Employees may retain frequent flier miles earned while traveling for the College, however, employees must always travel on the least expensive airline, not the airline with which they have a frequent flier relationship. Excess cost due to the use of an employee’s preferred airline will not be reimbursed. It is inappropriate for the College to “pay for” or “buy” employee frequent flier tickets. If an employee uses a frequent flier ticket for business travel they cannot be reimbursed for it in any way.

### ***Lost Items***

Lost baggage, clothing, or other personal items are the responsibility of the traveler. Recovery for such

personal losses may be available through the employee's homeowner's insurance.

***Unused Tickets***

If an airline ticket is purchased and the trip is subsequently cancelled, any credit should be used for a future business trip. If the credit is used for a personal trip, the employee must reimburse the College for the cost of the ticket.

***Travel Insurance***

Faculty and staff traveling on business, either domestically or abroad are covered by the College's Insurance Policy, thus, the College will not reimburse employees for travel insurance.

For group travel with faculty and students, refer to the Short Term Study Away Handbook from the Stellyes Center for Global Studies.

***Saturday Night Stay***

When the savings generated by traveling and staying over a Saturday night exceed the cost of lodging and meals for a pre- or post-business period, the College encourages the employee to make the Saturday night stay. Entertainment and other personal expenses (including health club fees) incurred by the employee during this period, or at any other time, will not be covered by the College. Please provide a worksheet showing the airfare with and without the Saturday night stay and the hotel/meal costs for the additional days to document the savings.

***International Travel***

The College will reimburse for the cost of coach transportation. In the rare circumstance where there is a health or business reason why an employee must upgrade to business class, such an upgrade must be approved by the vice president of the unit in advance of the ticket purchase and must be documented.

## **Automobile Transportation**

Depending on the circumstances surrounding the employees' business travel, employees may:

- use their own vehicle
- rent a vehicle through a commercial agency
- rent a vehicle from Enterprise Rent-A-Car (check with Facility Services)

The College will reimburse transportation costs for travel to a destination to conduct the business of the College. An employee can either rent a car through a commercial rental agency, or the College will reimburse for business miles driven in a personal vehicle at a rate determined annually (January 1) by the Vice President for Finance. The College reimburses mileage from the point of the College or the employee's home, whichever is shorter, to the destination; online sites, such as MapQuest, provide easy calculations of mileage. The College has a contract with the local Enterprise Rent-A-Car for an additional option for certain travel circumstance as outlined in the Vehicle Pool Guidelines. The guidelines are available on the College's website at Knox College Vehicle Policy and Procedures.

To obtain mileage reimbursement, complete a Travel Expense Envelope stating the destination and actual mileage traveled, or complete on the out-of-pocket section of the credit card resolution process through Wells Fargo. Mileage reimbursement may never exceed the cost of available alternate transportation, *e.g.* the reimbursement for mileage cannot exceed the lowest train or airfare available. In cases where the employee elects to drive rather than travel by plane or train, the lower of the available alternatives will be reimbursed to the employee. Employees cannot request reimbursement for gas or other vehicle related expenses. The mileage rate paid by the College includes reimbursement for such expenses. Student Clubs and Organizations, please contact Campus Life.

### ***Fees for Parking***

The College will reimburse costs for parking during the duration of the travel. Unless approved by your vice president, valet parking fees will not be reimbursed.

### ***Rental Car***

Employees should rent a car only when it is required for daily use at the business destination or there is no other less expensive means of transportation from the airport/train station or from the point of origin to the business destination. Employees should rent a car of an appropriate size based on the number of employees traveling.

If an employee rents a car for one week and uses the car partially for business and partially for personal use, the weekly cost of the car must be prorated.

### ***Refueling***

Refueling fees often exceed the pump price of gas available in the community. Travelers should refuel before returning the car to the agency. Fuel costs associated with refueling a rental vehicle will be reimbursed based upon actual fuel purchased, not mileage.

*Please be aware of the refueling policy of the rental car company you are using.*

### ***Citations / Arrests***

Drivers are responsible for payment of fines for all citations, including moving violations, toll violations, or parking tickets, and any associated administrative fees. All citations for moving violations must be reported to your supervisor and the Vice President for Finance. If you are arrested at the scene of an accident (e.g., for drunk driving, reckless endangerment, etc.) you are responsible for any legal costs you may incur, including attorney fees, bail, court costs, towing, impound fees, etc. The College is not responsible for any unlawful acts of its employees or students, and will not defend or indemnify them for alleged wrongful acts involving the use of its vehicles or vehicles rented on college business.

### ***Transportation To/From Airport at Business Destination***

In many cases the cost of an individual taking the airport shuttle to their hotel is often far less than the cost of that individual riding in a cab. When time permits, individuals should explore utilizing airport/hotel shuttles. When airport/hotel shuttles are not available the cost of a taxi or car service will be reimbursed. Limos and other luxury vehicles will not be covered unless approved by a vice president in advance.

### ***What to do in case of an accident***

1. Call 911 to report any accident, and, if necessary, to request medical assistance.
2. Alert Campus Safety (309-341-7979) quickly, and provide pertinent details of the accident.
3. Be courteous; do not be argumentative when interacting with the police or others.
4. Provide police officers with factual information, such as your name, your driver's license number, proof of insurance, and facts related to the accident.
5. Only respond to questions from police officers. Knox will designate a spokesperson who is not involved in the accident to answer questions from persons other than police officers.
6. Collect information to fill out a *Campus Safety Incident Report* about the accident, including:
  - a. the name, address, phone number, vehicle information, and insurance information of any other driver involved in the accident;
  - b. the date, time, and weather conditions at the time of the accident;
  - c. a description of damage to all vehicles and any other property involved;
  - d. names, addresses, and phone numbers of those injured, and, if possible, their injuries;
  - e. names, addresses, and phone numbers of any witnesses;
  - f. names of police officers; and,
  - g. a diagram of the scene.

## **Accommodations**

The College will reimburse the actual cost for average accommodations; upgrades should be paid for by the traveler. Travelers should use standard accommodations at reasonably priced mid-market hotels or motels. Ordinarily, the College does not approve accommodations at up market or luxury hotels (Ritz, Four Seasons, etc.), except when they are hosting a conference or workshop. Request the minimum rate available, educational discount, conference rate, or corporate rate, whichever is lower. When the reservation is made, the only available room may be in a higher category. Therefore, at check-in, you should always double check to insure you are getting the lowest rate. Original itemized hotel receipts are required for reimbursement. Through the ACM, the College has discounted rates at Club Quarters. The College encourages efforts to hold accommodations rates lower and encourages sharing rooms when possible among staff when appropriate, but does not require such. If you are a member of a hotel customer rewards program, the College may benefit through discounted rates.

The detailed itemized bill from the hotel covering all charges to the room must be submitted as supporting documentation for reimbursement.

### ***Cancellations***

Hotel reservations are typically guaranteed for late arrivals; travelers are required to cancel these reservations in a timely manner to prevent no show charges. If you need to cancel, be sure to note the hotel time, and get a cancellation number or the name of the person with whom you talked. Except under extenuating circumstances, the College will not reimburse expenses due to a traveler's failure to cancel guaranteed room reservations.

### ***Room Service***

The College discourages use of room service for meals due to the high mark up on these services.

### ***Free Accommodations***

There is no reimbursement or cash payment to the traveler or their host if they choose to stay in free accommodations such as offered by friends or relatives.

## Meals

Meals for employees while away on College business or entertaining on College business will be reimbursed. Entertainment expenses are those expenses incurred while entertaining guests of the College and include events such as social and recreational activities, when a business discussion takes place immediately before, during or after the event. Meal costs for business related participants will also be reimbursed. The location of the business meal does not change the reporting requirements.

The same IRS rules apply to meals taken locally or out of town.

Original copies of **itemized** receipts for meals must be attached to an expense report. Total meal expenditures will be reimbursed up to a limit of **\$40** per day. If you choose to exceed the limits noted, please attach reimbursement for the excess and turn into your budget manager or complete as a personal expense on the credit card resolution process through Wells Fargo. Annual adjustments to the daily limit will be made at the discretion of the College's Vice President for Finance.

For example, exceptions to the \$40 per day limit will be allowed in the following circumstances:

- Meals with a current or prospective donor or school counselor, the meal expenditure can be reimbursed in excess of the \$40 per day with supervisor approval.
- Knox employees leading groups of students, where the students are provided a limited per diem for meals within IRS guidelines, may also receive the same per diem. Refer to the Short Term Study Away Handbook from the Stellyes Center for Global Studies for further details.
- Other exceptions may be accepted with detailed explanations and supervisor approval in advance.

Tipping at the standard rate is reimbursable as long as it falls within the daily meal expense limit. Typically, the College will reimburse tips up to 15% of the meal value.

Lunches normally do not qualify for non-taxable reimbursement on one-day business trips unless they are related to the business at hand. For instance, one-day business trips to attend seminars or educational presentations in which the programming continues during the lunch hour may have lunch reimbursed if not already included in the price of the event.

Meal Expense, even if ordinary and necessary, is not allowable by IRS unless you can establish that the "expense is directly related to the active conduct of a trade or business." Meals with campus colleagues during the business day to discuss topics where other times and places are available for this activity **do not** qualify for non-taxable reimbursement thus are not allowable. Taking a prospective employee or donor or even a current student out to lunch as part of a recruitment,

cultivation or retention effort, for example, will qualify for reimbursement if properly documented. “If a meal expense directly precedes or follows a substantial and bona fide business discussion (including a business meeting at a convention), then it must be established that the expense is associated with the active conduct of a trade or business.”

Detailed receipts should be requested for all meals, and are required for reimbursements. The itemized receipt is required in addition to the credit card slip if a credit card was used to pay the bill. Business meals must have a stated business purpose and must be clearly documented on your reimbursement request.

The IRS requires that all requests for meal reimbursement must document the following information (regardless of cost):

- List of attendees (self if alone)
- Business purpose of the meal (topic of discussion)
- Cost (supported by receipt)
- Location
- Date
- Description of meal (*i.e.* lunch, dinner)

Original itemized receipts must be submitted for any meal or entertainment expense regardless of cost. Note: In situations where a receipt is not readily available (*i.e.* international travel where meals are purchased at a market), you are asked to provide the information listed above.

The College will not reimburse on a “per diem basis.” When a meal is included in the cost of a conference, the College will not reimburse the employee for the cost of a meal taken during that period (*i.e.* if an employee chooses not to attend the provided lunch, the College will not pay for an alternative lunch taken).

If an employee is dining out with a travel companion, only the cost of the employee’s meal may be charged. Shared items must be prorated. Meals taken with friends or family in their homes while traveling are not reimbursed or subsidized with cash payment.

A meal in Galesburg that is part of the interview process for candidates for faculty or staff positions should not exceed the following costs per person:

Breakfast \$10

Lunch \$15

Dinner \$30

The College does not pay for alcoholic beverages as part of a recruitment meal.

Routine get-togethers with associates are not considered business meals and are not reimbursable. Business meals must have a stated business purpose and must be clearly documented on your reimbursement request.

### ***Alcoholic Beverages***

The College does not pay for alcoholic beverages. If diners want alcohol with meals, please request the charge on a separate bill to be paid for out-of-pocket. Exceptions can be made for meals associated with fundraising activities and should be approved by the employee's vice president; other exceptions also require vice presidential approval.

### ***Snacks and other incidental items***

Expenses that are of a personal nature, or expenses that would be incurred whether or not the employee was on College business, are not eligible for reimbursement, including: snacks, beverages outside of meals, mini-bar items, and other incidental items such as magazines, toiletries, and medicine are considered personal items and are not reimbursable.

The College requires employees to document and request reimbursement for such expenses in accordance with the following guidelines and the regulations of the United States Internal Revenue Service.

### ***Gratuities***

Reasonable tips to hotel staff are reimbursable and should be totaled and listed separately on the travel expense report.

### ***Free meals***

College employees share a meal with friends or family at their home while traveling on business, the College will not reimburse the cost of the meal or provide any cash payment to the hosts; exceptions require vice presidential approval.

## **Other Business-Related Expenses**

### ***Telephone***

All business calls (whether from a landline or a cellular phone) made while away from the office will be reimbursed. Direct long distance calls from the hotel room are extremely expensive and should be avoided. Employees are encouraged to use a calling card, phone credit card or cell phone. When an employee uses his/her personal phone calling card an accounts payable check requisition should be submitted with a copy of the bill when received.

When traveling internationally—contact Telecommunications for the data rate of the destination. Some countries are astronomically high. In some cases, considerable savings can be gained from an advance purchase of a short-term data plan for the destination.

### ***Internet access/access to College computers***

In some cases it is critical for a College employee to have access to the Internet while away on business. The College has procedures that must be followed to insure access in the most secure and economical way. Employees should consult with the appropriate person in their department or with the College's IT Department for information on such access. Charges for Internet access outside of the College procedures may not be reimbursed.

### ***Registration Fees***

Registration fees will be paid directly to the sponsor organization. An accounts payable check requisition with the appropriate supporting documentation should be submitted for processing through Purchasing or the registration can be paid using a College credit card or personal credit card. If via Purchasing, please allow enough time to process the accounts payable requisition and have your registration received by the deadline. If you must pay a registration fee directly and request reimbursement, a copy of your canceled check or a credit card receipt must be included along with a detailed receipt of the expense.

### ***Currency Exchange and ATM Fees***

The College will reimburse employees for currency exchange fees. Employees are encouraged to pay for meals, hotels and purchases on their corporate credit card as the cards often offer the safest and most economical exchange conversion. The College discourages employees from carrying large amounts of cash while traveling. In most cases, using an ATM machine will provide an excellent exchange rate and will reduce the amount of cash the employee has on his/her person. ATM fees for cash withdrawals will be reimbursed and should be documented with a receipt.

## **Non-Reimbursable Expenses**

The following items will **NOT be reimbursed** by the College:

- Fines for parking or moving violations or for personal misconduct.
- Spa, fitness center, or health club fees.
- Personal entertainment, such as movies, health club fees, golf, other costs
- Laundry services (if trip is less than five days) or dry cleaning
- Lost or stolen personal property (including cash)
- Costs for meals, travel or lodging for family or personal guests
- Costs incurred at home, such as childcare, pet care or lawn/home maintenance
- Personal expenses such as haircut, toiletries, clothing, medication, etc.
- Costs incurred due to unreasonable failures to cancel transportation or hotel reservations
- Domestic ATM fees
- Companion expenses (including travel, meals and additional driver costs on rental cars)
- Life, flight or baggage insurance
- Insurance on domestic rental cars
- Excess baggage charges for personal items (e.g. golf clubs, skis)
- Membership in professional organizations or associations; check with your vice president to see if there are exceptions
- Unnecessarily excessive costs (e.g. very expensive restaurants or exclusive hotels) not warranted by the circumstances.
- Gasoline in your personal vehicle if mileage reimbursement is used. Mileage reimbursement must be used when using your personal vehicle
- Personal entertainment or excursions
- Personal phone calls or internet connections
- Charitable or political contributions
- Mini-bar items
- Alcohol
- Personal reading material, or medicines (over-the-counter or prescription)
- Repairs to personal vehicles used for business travel
- Commuting costs between home and the College

*Note: This list is not meant to be all-inclusive.*

*Other items may be deemed non-reimbursable upon review by the Business Office.*

## **Access to Funds and Reimbursement**

In general, the College prohibits employees from carrying large amounts of cash. The College participates in a corporate credit card program to provide a means of charging business expenses. In the case where cash is required, employees can either use personal funds and be reimbursed or request a travel advance.

### ***ATM Withdrawals***

The ATM machine allows withdrawals in reasonable amounts of cash to be carried and often provide the most favorable exchange rates. The College corporate credit cards do not allow cash withdrawals. Therefore, employees must arrange for funds to be deposited in their U.S. bank accounts and withdraw from those accounts with their personal ATM cards. The College will reimburse the fee associated with the ATM withdrawals. When traveling internationally, it is recommended that employees access funds through ATM machines.

Note: Special procedures for banking and access to cash for faculty and/or staff directing off-campus programs have been established. Please contact the Business Office, the Stellyes Center for Global Studies, or the Dean of the College for information on these procedures.

### ***Advances***

When absolutely necessary, advances for the estimated cost of a business trip are available. Advances may be made up to 30 days before expenses are anticipated to be incurred. Requests should be made at least 14 days prior to the trip, coordinating with the established schedule for accounts payable checks, and the advance must be cleared within 30 days after returning from the trip. No new advance will be given until the previous advance is cleared. The IRS requires that advances not cleared within 120 days are subject to taxation as income to the employee. Failure to reconcile and/or return any unused cash advance will result in the entire advance being reported as taxable income to the employee and reported to the IRS. Unused cash advances should be returned to the College immediately.

Advances should only be requested when it is not possible to charge business expenses to a credit card or have the College billed directly. Advances should not be requested for small, miscellaneous amounts (i.e. cabs, tolls, etc.) Those expenses should be paid by the employee and reimbursed upon return from the trip.

To obtain a travel advance, complete a Travel Advance form located on the on the Knox website under Business Office forms. The department head, direct supervisor or authorized signer for the account to which the expense will be charged must approve advances.

### ***Travel Expense Report***

To obtain reimbursement for out of pocket travel expenses (those NOT directly billed to the College) complete the Travel Expense Envelope. These envelopes are located in the Business office. Travel Reimbursement Envelopes must be completed within 30 days of the return date of your trip and

submitted with the required documentation—all receipts and signatures—to the supervisor, Department Head or authorized signer on the account to which expenses will be charged. The completed form with appropriate approval signatures should be submitted to the Accounts Payable office. Faculty using funds from the faculty travel account and faculty recruiting accounts must send their form to the Dean of the College's office for approval. Please submit all appropriate receipts and sign the envelope. When a refund is due to the College a check must be attached to the travel form. When a refund is due to the employee a check will be generated during the next regularly scheduled accounts payable cycle.

***Travel paid by a third party***

When an employee is traveling and a third party (not Knox) is paying for the travel, Knox funds should not be used at all. The employee should pay the travel expenses with personal funds (no cash advance from Knox) and seek reimbursement from the third party.

***Travel Funded by External Grants***

Faculty and staff members with grants that provide support for travel expenses should adhere to the travel guidelines as outlined in their particular grant and in the OMB Circular A-21, if the grant is from a federal source. Unlike travel funded by the College: ALL travel and entertainment expenses, regardless of dollar amount, must be documented and supported by original receipts. Foreign travel is strictly limited. Grants must be carefully reviewed to determine if foreign travel is allowed and/or if travel on a foreign carrier is allowed.