

Employee Expense Reimbursement

SUBJECT:

Expense Reimbursement

NUMBER:

T2.3

DEPARTMENTS & DISTRICTS AFFECTED:

ALL COUNTY DEPARTMENTS GOVERNED BY THE SANTA BARBARA COUNTY BOARD OF SUPERVISORS

UPDATED: 12/2014

Approved by Auditor-Controller & County Administrator

POLICY

The Employee Expense Reimbursement Policy is covered in the attached policy & procedure.

1.1 Purpose

It is the County's policy to reimburse officers and employees for reasonable, actual, and necessary expenses incurred by them on behalf of the County in carrying out their official duties. The County provides several mechanisms through which an employee can incur expenses and be reimbursed, but all are to conform to the IRS definition of an **accountable plan**. In all cases, proper approval is required to qualify for reimbursement.

County-sponsored credit cards and reimbursement of personal funds are options available, depending upon the position an employee holds within the County. While credit card procedures are specified separately the general policy below applies to all forms of reimbursement.

1.2 Authority

IRS Regulation Code Section 1.62

Reimbursement or other expense allowance arrangement--(1) Defined. For purposes of Sec. Sec. 1.62-1, 1.62-1T, and 1.62-2, the phrase "reimbursement or other expense allowance arrangement" means an arrangement that meets the requirements of paragraphs (d) (business connection), (e) (substantiation), and (f) (returning amounts in excess of expenses) of this section.

1.3 Definitions

1.3.1 Expense Reimbursement

A reimbursement or allowance is a system by which the County will pay advances, reimbursements, and charges for employees or contractor's substantiated business expenses.

1.3.2 Accountable plan

A reimbursement or allowance arrangement that meets IRS requirements and allows employers to reimburse employees (or contractors) without having to treat the reimbursement as wages or compensation. To be an accountable plan employee requests for expense reimbursement **must meet all three of the following rules:**

1.3.2.1. Must have paid for expense while performing services as an employee

1.3.2.2. Must adequately account to employer for these expenses within a reasonable period of time.

Accounting requires documentation of both the business purpose, such as who was attending and what was discussed, as well as receipts of expenses.

1.3.2.3. Must return amounts advanced in excess of expenses within a reasonable period of time.

2.1 Attachments

2.1.1 Employee Expense Reimbursement Policy

**COUNTY OF SANTA BARBARA
POLICIES & PROCEDURES
EMPLOYEE EXPENSE REIMBURSEMENT**

Updated: 12/2014

POLICY

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County-sponsored credit cards and reimbursement of personal funds are options available, depending upon the position an employee holds within the County. While credit card procedures are specified separately ([Link to Credit Card Policy and Procedure Manual](#)), the general policy below applies to all forms of reimbursement.

Employees must obtain the appropriate departmental approvals depending upon the type of purchase and method of purchase. Regardless of the method of purchase used, certain general guidelines apply and should be followed.

Employees must complete a Travel Expense and Reimbursement Claim for the following types of expenditures. Original receipts must be provided for:

- a. Any single expenditure over \$25;
- b. All lodging expenses;
- c. Expenditures for County vehicles (e.g. gas, parking, etc.)
- d. Vehicle rental agreements;
- e. Air travel (even when County is billed directly);
- f. Business meals with non-County employees;
- g. Unusual items regardless of cost.

Once claims have been reviewed and approved by the department, they are forwarded to the Auditor-Controller for final review for appropriate charges

CREDIT CARD USAGE AND REIMBURSEMENT

Separate policy. ([Link to Credit Card Policy and Procedure Manual](#))

REIMBURSEMENT EXPENSES

Lodging

1. Accommodations should be adequate, but not luxurious;
2. Reimbursement is made at single occupancy rate. If bill is for double-occupancy, please note single rate on the bill. Discounted business or government rate should be requested. Inquiry should be made as to whether an exemption from Transient Occupancy Tax is allowed. See form: ([Link to Transient Occupancy Hotel Exemption](#));
3. Original hotel/motel bill must be provided. **Movies, mini-bar, and other non-essential services will not be reimbursed and are the responsibility of the Traveler.**

Transportation

1. County reimburses for most economical mode of transportation suitable to the business purpose
2. County vehicles can be checked out from County motor pool. Private Car mileage is reimbursed at the Internal Revenue Service allowable mileage rates. Mileage is calculated from office to destination and return. For frequent travelers, mileage should be logged on a "Mileage Record" log. ([Link to Mileage Record Log](#)).
3. Air travel – request "government rate" when making travel reservations; copy of airline ticket or invoice must be submitted. If a private plane is used, the amount reimbursed will be the most economical fare between points traveled, or .36 cents per mile, whichever is less;
4. Rental car – when reserving a rental car, request nothing larger than a mid-size vehicle. Original receipt must be provided.

Meals

1. The County will reimburse personal meals while traveling out of the County overnight using per diem meal rates, unless otherwise stated in this policy. Any incidental expenses incurred are only reimbursable within the daily per diem rate. Incidental expenses as defined by the IRS include fees and tips for porters, baggage carriers, bell staff, and housecleaning staff. Receipts are not required for amounts less than or equal to per-diem reimbursement rates. Current per diem rates can be found [here](#) under Travel and Reimbursement (T2.2).
2. The County will reimburse the actual cost of meals exceeding the per diem rate for business meals with non-County employees and when it is not practical to stay within the per diem guidelines. (See Qualifying Meals)

Qualifying Meals – Receipts Required

1. Outside County – actual cost not to exceed per-diem limit.
2. Inside County – Reimbursement for meals only if working away from regular established headquarters for extended periods of time, usually involving overnight accommodations.
3. Meetings – Meals or refreshments may be served in conjunction with meetings where it is to benefit of the County to keep all participants together and not have them disperse for meals. A meeting is defined as formal training, conference, seminar, workshop, staff or Board meeting.
4. Receptions – In addition to providing snacks at business meetings and paying for business meals, it is sometimes appropriate for County departments to host larger receptions for statewide peers, visiting dignitaries, or for other unique occasions. Such receptions should be kept to a minimum and any such receptions anticipated to cost more than \$150 must be approved by the County Administrator.
5. Business Meals – County employees are reimbursed for meal expenses incurred in meetings with County and non-County employees to discuss County business. Receipts must include business purpose of meeting and names of individuals in attendance. In addition, all business meal expenses must be supported with itemized listing of food and beverage purchases. When substantiated on the receipt, a reasonable and minimum standard amount for tips is reimbursable. This policy has been designed to provide flexibility and discretion on the part of department heads. Each department is responsible for developing internal policies to guide employees in view of the possibilities for this privilege to be abused if not closely monitored.
6. The cost of alcoholic beverages will not be reimbursed.

MISCELLANEOUS TRAVEL COSTS

1. Parking fees – Actual cost of parking, receipt required.
2. Transportation costs from airport to lodging or meeting site by most economical mode of transportation (e.g. shuttle, taxi, limo, rental car, etc.). For rental car, receipt must be submitted. For other modes of transportation, submit receipts if available.
3. Registration fees – Submit receipt or other documentation verifying costs.

REIMBURSEMENT PROCESS

Employee must prepare a Travel Expense and Reimbursement Form (TRC) to claim all personal reimbursements, and to verify that all expenditures incurred were for said travel or meeting. The process begins with the traveler filling out the [FIN Web Travel Expense Reimbursement Claim Support Form](#). Once completed and signed, the support document will be attached to the TRC in FIN Web along with all supporting receipts.

If a department incurs expenses for a reception or meeting, a representative of the meeting should prepare and sign the claim, attaching all receipts. In both instances, the TRC should be submitted to the department's centralized fiscal staff for processing with the Auditor-Controller's office within three working days of incurring expenses or returning to work.