

SAMPLE

Travel and Business Expense

Reimbursement Policy

<i>Purpose and Requirements</i>	2
Qualified Expense Categories	2
Substantiation Requirements.....	3
Falsification of Expenses	3
Non-Reimbursable Expenses	3
Travel Authorization	4
Expense Report Submission Deadline	4
Travel Agent	4
Travel Advances.....	4
<i>Reimbursement Requirements</i>	5
Airfare	5
Train Travel.....	5
Car Rental	5
Mileage.....	6
Telephone/Fax.....	6
Cellular Phone Charges.....	6
Airport Parking:	7
Other Parking:	7
Taxi/Shuttle/Public Transportation/Rapid Transit.....	7
Lodging	7
Meals	8
Overtime Meals.....	8
Staff Events	8
Clubs and Memberships.....	8
Child Care	9
Personal Losses	9
Gifts and Flowers	9
<i>Expense Reports And Approval Requirements</i>	9
General Requirements.....	9

Travel And Business Expense Reimbursement Policy

Purpose and Requirements

The purpose of this policy is to document the allowable business expenses eligible for reimbursement. These include necessary and reasonable expenses as defined under section 162 of the Internal Revenue Code. Also included is additional reference information that may be useful to XYZ employees in submitting employee business expense reports in order to receive timely reimbursement. If you are not sure how to classify a certain expense, contact the Account Payable Administrator for assistance.

This document is confidential and a trade secret of the Company. As such, it is not to be copied, duplicated, distributed, and posted on any electronic bulletin board to any third party outside the Company.

Qualified Expense Categories

Shown below are the qualified expense categories that appear on your expense reports. The employee is responsible for proper classifications of expenses. Use only the available categories.

Description	General Ledger Account Number
Office Equipment (>\$500)	15151
IT Equipment (>\$500)	15152
Office Expense (<\$500)	67100
IT Expense (<\$500)	67200
Airfare	67300
Lodging	67400
Taxi	67500
Mileage/Other Transportation	67600
Meals & Entertainment – Out of town	67700
Meals & Entertainment – In town	67800
Postage	67900
Dues and Subscription	68000
Telephone and Internet	68100
Cell Phone	68200
Gifts and Promotion	68300

Note: Tips are not a separate category. Incorporate them into the cost of the product or service you received.

Substantiation Requirements

All expenses must be accompanied by a receipt or supporting documentation. Failure to provide such will result in denial of reimbursement. Meals of less than \$5.00 value do not require a receipt. The Company does not offer a per diem rate.

Falsification of Expenses

Submitting fraudulent receipts or falsifying your expense report will result in loss of your reimbursement privileges.

Non-Reimbursable Expenses

The following are not reimbursable since they are primarily for personal use: The exception to these items being reimbursable is if it pertains to client entertainment.

- alcohol
- car repair
- credit card interest charges
- day-care for children or pets
- fees for upgrades of air, hotel, or auto
- golfing or green fees
- golfing cart rental
- grooming, nail or hair salon expenses
- headphones on airlines
- health club fees
- laundry (unless 3 out of town 3 nights or more)
- massage
- medicines
- movies (either in-room or at the theater)
- personal bar bills
- personal books, magazines or other entertainment
- personal travel portion during business trip
- pet hotel stays or pet transportation
- political or charitable contributions
- sporting events
- spouse's expenses if accompanying XYZ, Inc. employee on trip
- toiletries
- theater, cinema or opera tickets
- traffic citations (parking tickets or fines)

Travel Authorization

All employees whose travel expenses are expected to exceed \$500 must have the Travel Authorization form completed and authorized by their supervisor. An email from your Supervisor authorizing the travel is acceptable provided that travel details are stated in the email.

Expense Report Submission Deadline

Expense reports are due every week on Tuesday by 5 pm. If you are unable to meet this deadline, you are responsible to contact the Account Payable department and inform them of the timing and approximate amount of your expense report. Branch offices are to overnight their expense reports on Monday to ensure delivery by Tuesday. Do not use priority morning delivery but standard delivery instead. All expense reports in excess of \$5,000 (the materiality level for month-end close) are due the first day of the month-end close.

Travel Agent

The Corporate Travel Agency is ABC Travel. All Company travel arrangements must be made through ABC Travel. Agency hours are Monday through Friday, 9:00am 5:00pm PST. Our travel agent contact is J. Doe. J. Doe's hours are 7:30am - 5:00pm PST, Monday through Friday,

ABC Travel

Toll free number	800-555-1000
Main phone number	555.555.5555
Fax number	555.555.5556
J. Doe's direct line	555.555.5557
J. Doe's pager/voicemail	555.555.7777

Travel Advances

In case of financial hardship, an advance for travel may be granted. Complete the Check Request form and have it authorized by your Supervisor. When submitting your expense report, deduct the advance from your total expenses and submit a check for any amount remaining (if any) due to the Company. A permanent advance may be granted to Sales Agents that have a territory to cover and have much overnight travel. This advance must be paid immediately upon termination.

Reimbursement Requirements

All travel related expenses should be paid by the employee and submitted for reimbursement according to the following categories and guidelines:

Airfare

ABC Travel has been directed to obtain the lowest airfare available for all domestic and international flights. Accommodating employees with frequent flier programs who desire an alternative airline will be accommodated, as long as there is no additional cost to XYZ, Inc. Contact J. Doe for further information on frequent flier programs. ABC Travel does not book reservations for Southwest Airlines, which must be ordered through the Internet. Plan as far in advance as possible in order to take advantage of early purchase discounts. Itineraries are not valid receipts

Train Travel

Train travel is only permitted as an alternative to air travel provided the travel is performed on weekends, unless the employee has a documented case of fear of flying and has been excused by a medical physician. The travel distance is limited less than 500 miles.

Car Rental

The Company has a corporate account with ABC rental car company. Try to use this company unless availability dictates otherwise. Guidelines to follow when renting cars:

1. Compact/economy models must be rented unless more than two persons are traveling together. A single upgrade is allowed if two persons are traveling. Higher upgrades are allowed if transporting materials and cargo space is a factor, or if three or more persons are traveling together.
2. The refueling option should be taken if extensive driving is planned. If the refueling option is declined the car must be returned with a full tank of gas.
3. Rental cars should be returned to the original rental location in order to avoid costly drop-off charges.
4. The Corporate American Express (AMEX) card must be used for all car rental transactions if available. If the AMEX card is used, the additional insurance should not be purchased. If another form of payment is used, please purchase the additional insurance offered by the rental company. The Company has insurance coverage for car rentals, so the insurance purchase option should not be taken.
5. Upgrades not authorized by this policy are not reimbursable.

Mileage

The traveler is entitled to claim round trip mileage at \$.33 per mile. For employees whose office is located in their home, all business mileage is reimbursable. For employees assigned to the Corporate office, mileage to and from home is not reimbursable. Destination and reason for all mileage claimed must be included on the Mileage Record Worksheet and totals on the Employee Expense Report.

For Corporate employees mileage from your home to the office is not reimbursable. Mileage incurred in excess of the daily commuting miles is reimbursable at the rate shown above. Mileage is not reimbursable while using Company provided vehicles.

Two trips to the airport when performed by a spouse to drop off/pickup the employee is allowed, since cost savings on parking are beneficial.

Telephone/Fax

Employees will be reimbursed for telephone and fax expenses incurred, including any installation costs and supplies which are necessary to perform job duties. Note the requirements for reimbursement as follows:

- Phone and internet lines installed in home or home store offices should be billed to and paid for by the employee and included on a monthly expense report.
- While traveling, employees must use their corporate calling card for all business related calls. Whenever making long distance calls from hotels, use the corporate calling card to avoid expensive hotel toll charges. In addition, use air phones during air travel only when absolutely necessary. Corporate calling cards should be obtained by contacting the Human Resources Manager at the corporate office.
- The Company will reimburse for reasonable calls during overnight travel.
- Telephone and fax expenses should be entered separately on the expense report. Phone calls appearing on hotel bills should be expensed on the "Telephone" line of the expense report and not included on the lodging line.

Cellular Phone Charges

All employees authorized to use cellular phones will be reimbursed a maximum of \$50.00 per month for business related calls made on personal cellular phones. Recurring monthly charges where free minutes are provided are reimbursable by the percentage of business phone calls made versus total phone calls. Itemized cellular phone bills are required with payment requests and will be closely audited. When calling the Corporate Voicemail system do not call the Company's 800 number when using your cellular phone. This is primarily due to the fact that two charges will be incurred; one charge from the cellular service provider and XYZ, Inc. Corporate is charged for use of the Company's WATS

Line. Rather, call your extension and enter voicemail by pressing the pound sign after your greeting begins.

Airport Parking:

Long-term parking should be used for travel exceeding 24-hours.

Other Parking:

Parking permits may be purchased for Employees if free local parking is not available. These permits must be authorized by the Human Resources Manager and should be expensed by the employee on an expense report form.

Parking violations are not a reimbursable expense.

Taxi/Shuttle/Public Transportation/Rapid Transit

Employees should evaluate their individual circumstances and select the safest, most economical alternative when traveling to and from all destinations.

Taxi, shuttle, and public transportation expenses should be itemized on the "Taxi/Airporter" line of the expense report and must be accompanied by a receipt.

Lodging

Hotels in the range of \$75-\$150 per night for a single, standard room are to be used in all non-metropolitan areas. In larger cities (i.e. New York, Los Angeles, Honolulu, Chicago) travelers should stay in safe, secure accommodations available in the range of \$150-\$250 per night, if located in the metropolitan area. The Marriott Courtyard or Holiday Inn should be used whenever possible.

In-room movies and use of hotel gym, massage services, and sauna facilities will not be reimbursed.

Laundry services and valet parking are generally considered non-reimbursable expenses. However, hotel stays in excess of 5 days may warrant the use of laundry services. Exceptions must be approved by your immediate supervisor.

Meals

When traveling overnight, employees will be reimbursed for two meals per day. Total daily meal expenses should not exceed \$40.00 for the employee traveling. Note: this is not a per diem. All meals expensed must have receipts.

When expensing meals, please note the following:

Detachable tabs from dinner checks are not considered valid receipts and will not be accepted. A register receipt or a copy of the dinner check must be submitted.

Tips may not exceed 20% of the cost of the meal.

Alcohol is considered a non-reimbursable expense.

All meals should be entered under the correct date in the corresponding category (breakfast, lunch, dinner). If there are multiple receipts for one meal, please list separately (do not add).

Receipts should describe who attended and the business purpose.

This information can be written on the back of the receipt itself or on the expense report.

Overtime Meals

Overtime meals are permitted if employees work 10 hours or more in a day. Reimbursement is limited to \$10 per day. Receipts are required.

Staff Events

The following events are reimbursable up to the limitations shown below:

Event	Reimbursable?	Limitation
Department Luncheons	Yes	Monthly budget
Birthdays	Not	n/a
Employee Exit Luncheon	Yes, after employee's first anniversary	\$15 per person
Holiday Luncheon	Yes	Per Department Budget

Clubs and Memberships

Clubs and memberships are not a reimbursable item. All club and membership fees are budgeted items and are to be processed as standard accounts payable transactions.

Child Care

Child care is not a reimbursable item with the following exceptions:

- When an employee's child becomes ill and there is business travel arrangements made.
- When it is the best interest of the Company to provide childcare on a temporary basis for an employee's ill child and the event has been approved by the department manager.

Personal Losses

Personal losses while on Company business are not reimbursable.

Gifts and Flowers

Gifts and flowers are a budgeted item and are subject to budget limitations. Only department managers or above may submit expenses for reimbursement.

Expense Reports And Approval Requirements

General Requirements

The requirements for expense reports and approvals are as follows:

- Expense reports should be completed and submitted to Accounts Payable weekly in order to facilitate timely reimbursement.
- Fax copies of expense reports will not be accepted.
- Expense reports will be processed as any other invoice.
- Expenses incurred in a foreign country charged on the corporate charge card should be reimbursed based upon the converted rate per the statement.
- All expenses included on the expense report must be accompanied by a valid receipt, and a brief explanation of the expense. Credit Card statements will not be accepted as evidence of a receipt.
- All expense reports must be approved and signed by your immediate Supervisor/Manager.
- All expense reports must be submitted within 60 days of incurring the expense. Items received after the 60 day time window, will be reported to the Payroll Department as additional compensation and will be subject to all payroll tax withholdings, if any, as per IRS guidelines.

- The Company reserves the right to withhold reimbursement while it investigates expense report items.
- These requirements may be modified at any time at the discretion of the Chief Financial Officer.