

# TRAVEL EXPENSE POLICY

## **PURPOSE**

To establish policies and procedures for the City of Mercer Island business-related out of town travel approval, reimbursement of authorized travel expenses, and the payment of travel per diem.

## **SCOPE**

All elected officials, employees, and volunteers acting on behalf of the City of Mercer Island, including members of City Boards and Commissions. As used throughout this policy document, “employee” means all persons included in this “scope”.

## **POLICY**

### **Authorization**

Department Directors are responsible for authorizing out of town travel and training, considering both budget availability and department staffing needs. The City will pay for allowable business travel expenses when reasonable, necessary, and directly related to conducting business for the City of Mercer Island. Expenses incurred for City travel that are not in compliance with the policies outlined below will not be paid or reimbursed.

1. The following are considered reasonable and necessary business travel expenses:
  - Transportation (City or personal vehicle, airfare, parking)
  - Lodging
  - Registration fees for conferences, training, and tuition
  - Meals
  - Other incidental business expenses (copies, fax, internet service)
2. The following will **not** be paid or reimbursed
  - Alcoholic beverages
  - Theft, loss, or damage to personal property
  - Airline or other trip insurance
  - Personal entertainment
  - Personal care services
  - Fines for parking or traffic violations

### **Travel Status**

To qualify for City payment or reimbursement, the employee must be considered on travel status. As defined by the Internal Revenue Service, travel status is defined as periods longer than a day and must include an overnight stay.

### **Air Travel**

The City of Mercer Island currently has no negotiated air discounts with any airline, thus air travel should be booked with the carrier that offers the best fare and routing for the destination. Advance arrangements for air travel should be made in order to receive the best rate for the travel period. Any costs for deviation from the most economical and direct route possible is the responsibility of the employee. Air travel will be paid or reimbursed at actual cost.

### **City Vehicles**

As stated in the Travel Policy outlined in the City of Mercer Island Employee handbook, a City fleet vehicle shall be used for business related transportation needs. Refer to section 6 of the employee handbook for policies relating to the use of fleet vehicles.

### **Personal Vehicles**

Reimbursement for use of a personal vehicle for business travel in lieu of a City fleet vehicle must be approved by the Department Director. Use of a personal vehicle, where air travel is an option, is limited to a reimbursement rate not to exceed the lowest cost round-trip airfare. If the Director, or their designee, chooses to limit the mileage reimbursement, documentation of lower air-fare rate must be attached and submitted with mileage reimbursement request form.

When traveling in a personal vehicle for business purposes, the following information will be recorded on the personal mileage reimbursement form: the date and destination, business purpose of trip, total mileage as calculated from the workplace. Miles traveled will be documented using standard highway mileage guides or by printed internet map showing total miles traveled.

Mileage expenses will be reimbursed at the current mileage rate set by the Internal Revenue Service. The City gas or credit card should not be used in conjunction with private vehicles, since the established mileage rate covers all cost of vehicle operation including gasoline, insurance, and maintenance.

### **Rental Cars**

The cost of vehicle rentals while on travel status must be approved in advance by the Department Director. The City will pay for a compact or a mid-size rental vehicle only if needed for business purposes when no other less costly transportation alternative exists.

### **Lodging**

The City will pay lodging costs (room and taxes) at the government, or single occupancy standard room rate. When attending a training or conference, an employee may elect to stay at the conference hotel at the lowest available room rate. Lodging costs will be paid, or reimbursed, on an actual cost basis. An original detailed hotel receipt, showing the single room rate plus taxes, must be submitted with the request for payment.

**Registrations**

Fees charged for registration to attend City business related conferences are allowable expenses. When expenses are included in registration fees for conferences, seminars, lodging, and meals, reimbursement will not exceed the cost of registration. For example, if an employee attends a seminar for which meals and lodging are included in the registration fee, and the employee elects lodging and meals other than those already included in the registration package, reimbursement will not exceed the cost of the registration fee. A copy of the conference flyer, brochure, or registration packet must be provided as documentation for payment or reimbursement. The document must show dates of conference, summary agenda, and location.

**Meals**

Meal expenses, while on travel status, will be reimbursed on an actual cost basis **or** by per diem. Per diems provided in advance of travel (*advance per diems*) will **not** be allowed. Employees may **not** request reimbursement of actual costs for one portion of the trip and per diem for the remainder.

**Actual Cost**

The cost of meals should be appropriate to the time and place of the meal. Any planned meals, the cost of which is included in a registration fee, shall not be reimbursed if the employee chooses not participate in those meals and chooses to eat elsewhere. Reasonable gratuities for service (i.e. 15% of meal cost) are considered part of the acceptable meal costs. Requests for reimbursements should be made within 5 days of return from travel. **All claims for reimbursement will be accompanied by a vendor's original detailed receipt.** All receipts must show the date, description of purchase, vendor identification, and the amount paid.

**Per Diem**

Per Diem is the allowance for meals and incidental expenses. The Federal General Services Administration (GSA) establishes per diem rates for destinations within the Continental United States (CONUS). As set by the GSA, the City will reimburse the employee a daily per diem rate equal to the GSA "high-low" rate for meals and incidental expenses including taxes and gratuity. The rate will be adjusted down for partial days of travel and for meals included in conference registration fees. No receipts will be required for per diem reimbursement. Request for per diem reimbursement should be made within 5 days of return from travel status on a *Request for Per Diem Reimbursement* form.

Employees electing per diem payment are **prohibited** from incurring meal and incidental costs on their individually issued City Credit cards or seeking direct cost reimbursement for meal and incidental costs covered by per diem.

**Incidental Expenses**

Miscellaneous costs, including but not limited to internet connection charges, copy charges, and gratuities are authorized expenses if deemed reasonable and necessary.

These expenses are included in the daily per diem rate as established by the GSA. NO additional reimbursement will be made to those employees who elect the per diem method of meal reimbursement. For those employees choosing the actual cost method of reimbursement, a receipt for these costs should be obtained. If a receipt cannot be obtained and the item is less than \$10, reimbursement will be allowed if detailed out on the expense report and approved by the Finance Director.

### **Claims and Documentation**

Employees will complete and certify an itemized Report of Expenses within five days of return from travel status. The following is a list of **required** documentation supporting travel expenses:

- Copy of conference or training registration showing dates and cost;
- Conference, training, or meeting agenda to document business purpose;
- Travel Itinerary as appropriate;
- Per Diem reimbursement request for meals and incidentals; or original itemized receipts for meals and incidentals if actual cost reimbursement method was elected; and
- Personal vehicle mileage report, including internet mapping verification of miles traveled.

It shall be the responsibility of the Finance Department to provide the forms and instructions necessary for implementation of the travel policies. Department Directors are responsible for ensuring that these policies are adhered to.

### **Personal Expenses**

The City will not pay for personal travel expenses that may be incurred during business travel. When personal travel is scheduled in connection with a business trip, the City pays only those expenses directly related to Official City Business. Any expenses related to personal travel must be clearly distinguishable and paid directly by the employee.

### **POLICY ADMINISTRATION**

The Finance Director develops and implements procedures for administering this policy, ensuring compliance with the policy and State Law. The Finance Director is required to authorize any exceptions to the above policy.

**PER DIEM – Frequently Asked Questions:**

Per Diem is the allowance for meals and incidental expenses. The Federal General Services Administration (GSA) establishes per diem rates for destinations within the Continental United States (CONUS). The GSA establishes two sets of rates for travel in the Continental United States: 1) city-by-city rates; and 2) “high-low” rates.

The City of Mercer Island has elected to use the GSA “high-low” per diem rates in its travel policy. Using this method a specific list of localities are deemed “high-cost” and are eligible for a higher daily per diem reimbursement rate for meals and incidentals. All other localities are deemed “low-cost” and will be eligible for the standard daily per diem reimbursement rate for all meals and incidentals. Which rate an employee receives will be dependent on the destination of business travel. The GSA updates their rates on an annual basis.

Some common questions related to Per Diem:

**1. How much per diem are you allowed without receipts?**

The City will not require receipts for meals and incidentals reimbursed under the per diem policy. Employees will be required to complete and certify a *Per Diem Reimbursement* form within 5 days of return from travel status in order to receive their daily reimbursement payment.

**2. What is the meal reimbursement rate during the first and last travel day?**

Employees are only eligible for 75 percent of the total M&IE rate for the location to which they are traveling on the first and last day of travel.

**3. What is included in incidental expenses?**

Chapter 300, Part 300-3, in the Federal Travel Regulation, under Per Diem Allowance, describes Incidental Expenses as:

- Fees and tips given to porters, baggage carriers, bellhops, hotel maids, stewards or stewardesses and others on ships, and hotel servants in foreign countries.
- Transportation between places of lodging or business and places where meals are taken

**4. What if meals are included in the price of the Conference registration.**

The City will not provide per diem reimbursement for meals included in a registration fee, whether or not the employee chooses to participate in the meal or purchases it elsewhere. The daily per diem reimbursement rate will be adjusted for meals included in registration fees based on the following percentages for each meal:

Breakfast	25%
Lunch	30%
Dinner	45%