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I. GENERAL OVERVIEW

A. PURPOSE

The purpose of this Business and Travel Expense Policy (the “Policy”) is to provide departments, supervisors, employees and non-employees with specific policies and procedures regarding Illinois Institute of Technology (the “University”) business and travel expenses. Business expenses include those that are directly paid (e.g., Procurement Card) as well as expenses reimbursed to individuals who incur them on behalf of the University.

The primary emphasis of this Policy is on business and travel expense reimbursements because those expense reimbursements are the focus of Internal Revenue Service (“IRS”) accountable plan rules.

Business and travel expenses (including amounts allowable as per diems) that are reimbursed following IRS accountable plan rules are not subject to income or employment taxes (e.g., federal income tax withholding, social security taxes or Medicare taxes).

Generally, the following are the IRS requirements for tax-free reimbursements of expenses under an appropriate accountable plan:

1. There must be a valid business purpose for the expense and the expense must be reasonable and necessary.
2. There must be a reasonable accounting for the expense.
3. All excess reimbursements must be repaid within a reasonable amount of time.

The IRS has issued a number of regulations that further define these requirements and this Policy is designed to satisfy these regulations.

B. WHO SHOULD READ THIS POLICY?

1. Employees who incur expenses on the University's behalf, including use of the University Procurement Card and other direct payment mechanisms.
2. Employees who travel on University business.
3. Employees who supervise employees incurring University business expenses.
4. Employees who make travel and other arrangements or prepare expense transactions for:
 - a. University employees
 - b. Prospective University employees
 - c. University visitors
 - d. Students who travel on approved University business
 - e. University-sponsored conventions, conferences, or seminars
5. Non-employees (including, but is not limited to, visitors, recruits, independent contractors, consultants, students, and courtesy appointments) who travel for University-related business or incur expenses for which the University has agreed to pay.

C. GENERAL PROVISIONS

1. The University pays for business and travel expenses incurred in connection with University business that are appropriately documented and are in accordance with IRS accountable plan rules. (See [Reporting Requirements](#).) In instances where expenses do not satisfy the requirements of the IRS accountable plan rules, the individual may, among other things, be taxed on those expenses.
2. Advance written authorization is required when University paid transportation out of the United States occurs. Written authorization is requested by completing a Travel Request Form ("TRF"), available at <https://www.iit.edu/procurement-services/illinois-tech-department-resources/procurement-forms>.
3. The basic premise governing business and travel expenses is that an individual should neither gain nor lose funds in the course of conducting University business.
4. Because it is not possible to anticipate all of the circumstances that individuals may encounter in conducting University business, it is expected that those requesting reimbursement or incurring business or travel expenses and individuals preparing and approving expenses for payment will follow this Policy in a manner that keeps expenses to a minimum, fairly assigns the costs of business-

related activities to the University, and maintains a reasonable level of safety and convenience for the traveling individual.

5. All expenses must have a valid business purpose. The University will not reimburse or pay for expenses that are inherently personal in nature. Below are some examples of personal expenses:
 - a. Personal grooming services, such as barbers, hairdressers, toiletries, and shoe shines;
 - b. Child care costs, babysitting, and house-sitting costs;
 - c. Pet care, including fees for boarding pets and other animal care;
 - d. Any personal clothing and/or accessories;
 - e. Prescriptions, over-the-counter medication, and other medical expenses;
 - f. Personal reading material, such as non-scholarly magazines, books and newspapers;
 - g. Personal recreation or entertainment such as greens fees, sightseeing fares, theater tickets, entry fees, lift tickets, and the like;
 - h. Credit card delinquency fees and finance charges;
 - i. Dues in private clubs;
 - j. Gym and recreational fees, including massages, manicures/pedicures and saunas; and hotel room amenities, such as movies and alcohol from in-room bars, saunas, massages, etc.
 - k. Personal insurance costs such as life insurance, business travel accident insurance, personal automobile insurance, except for international rental car insurance, and baggage insurance;
 - l. Lost baggage;
 - m. Loss or theft of travel advance money, airline tickets, personal funds and other personal property;
 - n. Parking tickets or traffic violations; and
 - o. Ticket reissue or change fees incurred for personal reasons.
6. The University will not pay for or reimburse business or travel expenses that have been or will be reimbursed from an outside source (other than expenses for which the University will be reimbursed under agreements such as grants or sponsored project agreements).
7. As departments govern how authorization for business and travel expenses is granted, departments may elect to impose additional restrictions beyond those required by this Policy for various business reasons, including budget availability.
8. A per diem travel allowance for meals is available for travel by University faculty, staff and student employees, but is not permitted for non-employees. Per diem reimbursement is not available for student employees who are being reimbursed for academic expenses not related to their employment.

9. The University will not provide travel advances, pay directly or make reimbursements for the travel expenses of companions/spouses or non-employees who accompany faculty or other employees on University business, except in limited circumstances. (See [Companion/Spousal Travel and Business Expenses](#).)

CAUTION: Expenses that may be reasonable and necessary business expenses per this Policy may be unallowable for Federal, state or other sponsored program reimbursement, either directly or indirectly. Individuals incurring expenses or requesting reimbursement from agency or other sponsored funds should consult agency guidelines and/or the relevant contract to ensure that all agency or sponsor procedures and restrictions are followed. Any questions about the interpretation of agency or sponsor procedures or restrictions should be directed to Grant and Contract Accounting.

D. REPORTING REQUIREMENTS

IRS accountable plan rules require the University to maintain a policy under which employees and non-employees must account for all business and travel expenses, advances, and allowances. The accounting must include all of the following elements:

1. Sufficient information to establish a valid business purpose of the travel, entertainment, or other business expense.
2. Substantiation of the business and/or travel expense with required original receipts and an adequate record of each expense indicating the amount, date and place for all expenses of \$75 or more. If alcohol is included in the receipt total, it must be identified and reported separately. (Departments may request detail for expenses below \$75 for additional departmental internal control purposes.)
3. Substantiation of grant funded business and/or travel expenses with original receipts and an adequate record of each expense indicating the amount, date and place for ALL expenses.
4. The prompt return of any unused monies from travel advances. (See [Travel Advances](#).)

In order to avoid having the reimbursement be taxable to the individual, reimbursement of expenses should be submitted within 60 days of completing the travel or incurring the expense; otherwise, this may result in the reimbursement being taxable to the individual. Exceptions to the 60 day policy are approved by the Controller's Office.

E. ORGANIZATIONAL RESPONSIBILITY

The primary responsibility for compliance with this Policy rests with the individual requesting reimbursement or incurring the business expense and the departments and supervisors who are authorizing and approving these business and travel expenses. The responsibilities are defined as follows:

1. Individual requesting reimbursement or incurring the business expense

The individual requesting reimbursement or incurring the business expense may delegate responsibility for preparation of the expense transaction but, in doing so, the individual retains accountability. Individuals requesting reimbursement or incurring the business expense are responsible for ensuring the following:

- a. The expense has a valid business purpose;
- b. Proper business justification and supporting documentation (e.g., receipts) have been obtained and/or provided to the business expense preparer;
- c. Proper approval for upgrades and exceptions has been obtained and has been provided to the business expense preparer;
- d. A valid FOAP has been provided to allocate the expenses; and
- e. To the best of the individual's knowledge, the expense complies with this Policy and if the expense is to be charged to a sponsored award, the expense complies with all sponsor requirements/regulations.

2. Business expense preparer

This individual is responsible for preparing the expense transaction, submission of which is confirmation of the following:

- a. Proper business justification and supporting documentation (e.g., receipts) have been received from the individual requesting reimbursement or incurring the business expense;
- b. Mileage and per diem calculations are accurate;
- c. Proper approval for upgrades and exceptions has been obtained and submitted by the individual requesting reimbursement or incurring the business expense; and
- d. The expense has been properly allocated to the FOAP(s).

3. Business expense approver

This individual is responsible for approving the expense transaction, approval of which is verification of the following:

- a. The expense has a valid business purpose;
- b. There is proper supporting documentation (e.g., receipts) for the business expense;
- c. Mileage and per diem calculations are accurate;
- d. There is proper department approval for upgrades and exceptions;
- e. The expense has been properly allocated to the correct FOAP(s); and

- f. To the best of the approver's knowledge, the expense complies with this Policy and if the expense is to be charged to a sponsored award, that the expense is in compliance with all sponsor requirements/Federal regulations.

Permitted exceptions to this Policy may only be granted by the president, the provost, the department's dean, a vice-president, or the designated departmental finance representative. The designated departmental finance representative must be designated by the department, and the department must notify the Controller's Office of the department's designation. Exceptions must be documented and submitted, along with the travel and expense reimbursement, as appropriate.

F. SHARING EXPENSES WITH EXTERNAL ORGANIZATIONS

Individuals are responsible for seeking reimbursement for expenses payable by external organizations. If an individual is taking a trip that will be paid by the University and an external organization, the University will pay its agreed upon share of the actual expenses necessary for University business. When an external organization pays for actual expenses incurred for lodging or meals, the individual may not claim per diem. The reimbursement received by the individual from all sources can never exceed the total expenses incurred by the individual.

When expenses are being shared with external organizations and the expense report justification field contains a detailed explanation of which organization is paying the balance of the expenses, a duplicate copy of the receipts will suffice for reimbursement.

G. PROCUREMENT CARD

The Policy applies to all business expenses incurred utilizing the University Procurement Card. Cardholders should also refer to the Procurement Card Cardholder Manual to familiarize themselves with what is and is not allowable to be purchased using the Procurement Card.

H. SALES TAX INFORMATION

Illinois Institute of Technology is a non-profit university organized and operated exclusively for educational purposes. We are exempt from tax under several federal and Illinois statutes for articles or services purchased with University funds (e.g., a University check, purchase order or Procurement Card) exclusively for use in our educational activities. As such, individuals conducting University business should obtain a copy of the University's tax-exempt letter for use as applicable. A copy of the Illinois Sales Tax Exemption Form is located on the Controller's website at <https://webmaster.iit.edu/files/controller/sales-tax-exemption-certificate.pdf>.

The sales tax exemption does not apply to hotel occupancy taxes, locations that are outside of the United States, and in some states.

When a tax relating to business or travel expenses is erroneously paid directly with University funds, it is the designated departmental finance representative's responsibility to determine if the University, working through the Controller's Office, should seek a refund of the sales tax that was paid. Questions regarding the possibility of obtaining a refund for sales tax paid should be directed to the Controller's Office.

Sales tax incurred with personal funds for University business travel and for business meals will be reimbursed. Sales tax incurred with personal funds for other business purchases should include a description supporting the business purpose as to why the sales tax was paid and may be reimbursed subject to approval by the designated departmental finance representative.

For additional information or questions regarding sales tax, please [consult the Controller Office Website](#) or contact the Controller's Office.

I. SPONSORED GRANTS AND CONTRACTS

Business or travel expenses funded by a sponsored grant or contract may also have additional requirements, or may be subject to additional restrictions or limitations, than those required by this Policy. The individual requesting reimbursement should consult the sponsoring agency guidelines and/or the relevant contract to ensure that all agency or sponsor procedures and restrictions are followed. Any questions or interpretation of Federal or sponsor restrictions should be directed to the designated departmental finance representative who may need to consult with the Grants and Contracts Accounting.

II. SPECIFIC EXPENSE POLICIES

A. INSURANCE, TRANSPORTATION, AND PARKING

1. Business Travel and Accident Insurance

The University provides business travel and accident coverage for all active full-time faculty and staff members (and all part-time employees working at least seventeen and one-half (17.5) hours per week) on University approved and directed business travel. Specific questions regarding the University's business travel and accident insurance coverage should be directed to Human Resources.

2. Using Preferred Travel Agency

To assist University travelers, the University has entered into an agreement with a designated travel agency (DTA) that provides the University with competitive fares, high-quality service, and convenience for University travelers. This travel agency is set-up to bill the University directly for the cost of airfare, rather than the individual paying the cost personally and needing to be reimbursed. Like all other business expenses, all travel is subject to budgetary availability.

This payment method affords the traveler the means to arrange travel without

affecting the outstanding credit balance on Procurement Card, going through the cumbersome process of arranging direct billing with travel providers, or tying up personal credit through use of personal credit cards. Travel purchases made using the DTA are considered as advances to the traveler. They must be identified and submitted on the reimbursement form as such when reporting expenses.

The current Designated Travel Agency is identified on the University's [Purchasing Website](#).

In order to make travel reservations through DTA, the TRF must be faxed or emailed to the DTA and include the FOAP. The DTA will not proceed with travel arrangements unless the TRF has been received. The DTA is not responsible for validating the authenticity of the TRF as to FOAP or Approving Authority.

3. Air Transportation

Federal law (the Fly America Act) states those federal awardees and others undertaking federal government air travel between the United States and a foreign country or between foreign countries should use United States flag carriers to the maximum extent possible. This requirement is not affected by factors of cost and/or convenience. Code share flights are acceptable under the Fly America Act; however, in order for a flight to be in compliance, the code of a U.S. flag air carrier must be noted as part of the flight number on the airline ticket, flight coupon (boarding pass), or passenger receipt.

The practices specified by the Fly America Act may differ among Federal agencies. Accordingly, individuals traveling abroad whose travel will be charged to a Federal grant or contract should consult agency guidelines to ensure compliance with agency procedures and restrictions. Any questions or interpretation of Federal regulations should be directed to the designated departmental finance representative who may need to consult with Grant and Contract Accounting.

Please be aware that the University has applied this requirement only to sponsored award air travel. Operating and gift costs are excluded from the application of Fly America Act.

An exception to the Fly America Act may apply through an airline "Open Skies Agreement". These agreements are either bilateral or multilateral air transportation agreements that meet the requirements of the Fly America Act, as determined by the Department of Transportation. These agreements can be located on the U.S. General Services Administration (GSA) website at <https://www.gsa.gov/policy-regulations/policy/travel-management-policy/fly-america-act>, exceptions and explanations to some frequently asked travel questions can be located in the Electronic Code of Federal Regulations, located at [GSA U.S. General Services Administration Fly America Act](#), under 41 CFR 301-10 – Transportation Expenses. Please refer to sections CFR 41 301-10.135 – 41 CFR 30110.138 for exception details.

An exception in regard to the Open Skies Agreement is that a U.S. flag air carrier must be used for transportation between points where there is a City Pair Contract. A City Pair Contract is negotiated by the government to provide cheaper fares for government travel on certain popular routes. The U.S. General Services Administration (GSA) website at FAQs for City Pair Program be used to determine whether or not a city pair contract is in effect.

a. Class

The class of air travel chosen is expected to be the lowest-priced coach airfare ticket available using a commercial discount or coach class or standard accommodations. As discussed below, first class and business class air travel are generally not reimbursable, except when unusual circumstances warrant exception such as excessively prolonged travel, requiring circuitous routing, and requiring travel during unreasonable hours or offering accommodations not reasonably adequate for traveler's medical needs. These exceptions must be approved in advance in writing by the appropriate vice president or dean, when applicable the appropriate sponsoring federal agency.

The traveler may be reimbursed for business class when permitted by the sponsoring agency (if applicable) and the approval has been obtained by the vice president, dean or designated departmental finance representative approving the travel request.

For airline tickets funded by a sponsored grant or contract, the individual requesting reimbursement should consult agency guidelines and/or the relevant contract to ensure that all agency or sponsor procedures and restrictions are followed. Any questions or interpretation of Federal or sponsor restrictions should be directed to the designated departmental finance representative who may need to consult with Grant and Contract Accounting.

Premium (e.g., first class, business class) fares may be an appropriate business expense subject to budget availability and pre-approval by the president, the provost, the dean, a vice president, or the designated departmental finance representative. Examples include but are not limited to the following:

- i. Overnight "red-eye" flights;
- ii. Flights exceeding eight (8) continuous hours; or
- iii. Medical conditions.

b. Frequent Flyer Plans

Travelers may personally retain frequent flyer plan rewards or other bonuses that may accrue from business travel. However, in no case may the traveler choose a reservation at a higher cost in order to accumulate additional plan rewards. The University will not purchase frequent flyer miles from travelers or reimburse them for tickets purchased with frequent flyer miles. Any membership fees to join frequent flyer clubs are considered personal expenses

and will not be reimbursed by the University.

c. Airport Airline Club Memberships

Dues for memberships in airline clubs are personal expenses and are not reimbursable.

d. Baggage

Charges by airlines for checked baggage when traveling on University business are a reimbursable business expense.

Excess baggage expenses are reimbursable. The traveler should plan ahead and minimize extra charges; however, when unavoidable, departmental approval is required for any of the following circumstances:

- i. Traveler is transporting University materials; or
- ii. Traveler is on an extended period of travel.

e. Upgrades

A request for reimbursement for an upgrade for seats, premium boarding or the like must include a description supporting the business purpose as to why the upgrade was appropriate and must be approved by the individual's supervisor and designated departmental finance representative.

f. Parking

Airport or other business parking will be reimbursed, but travelers are urged to use long-term, lower-cost parking lots when available. If public transportation or a cab taken to and from the airport or other business location would result in a lower cost (due to the high cost of parking in most cities and airports), the traveler is encouraged to take advantage of these savings.

g. Early Departure or Late Return

Additional costs incurred for early departure or late return are not reimbursable unless the savings in airfare is equal to or greater than the total costs for lodging, meals and the like incurred during the additional days of travel. It is appropriate to consider other relevant costs and factors against the savings in airfare, including the inherent cost of being out of the office for a longer period of time. Early departure and late return costs must be approved by the designated departmental finance representative.

h. Lost Luggage/Items

The University does not maintain any lost luggage/items insurance coverage for any loss of personal belongings of its employees while on University business travel. University employees are encouraged to make their own arrangements for this type of insurance coverage either through their personal homeowners/renters insurance company or with their travel agent at the time

of travel. The University will reimburse for this type of insurance only if there is a valid business purpose and the expense is approved by vice president, dean, department chair or designated departmental finance representative.

4. Automobile Travel

a. Personal Automobiles

When the use of a personal automobile is necessary for University business, reimbursement for its use will be made at the mileage rate published by the IRS. Employees at international locations may be required to adhere to country specific mileage rates and should consult their vice president, dean, department chair or designated departmental finance representative with questions.

It is the responsibility of the traveler to ensure that the proper mileage rate is being used and the distance is based upon actual driving distance using the most direct route. The traveler is required to document the total miles traveled either by providing driving directions from various websites or maintaining a travel mileage log. The mileage reimbursement rate covers reimbursement for use of the vehicle as well as any repairs, gas charges, and the owner's personal automobile insurance coverage, which provides the coverage in case of an accident. Tolls and parking fees are reimbursable. The University will not reimburse employees for parking tickets, fines for moving violations, vehicle towing charges, or auto repairs and maintenance.

Mileage between University campuses will be reimbursed based on the chart below. The traveler does not need to provide supporting documentation.

From Campus	To Campus	Mileage
Main Campus	Downtown Campus	4 Miles
Main Campus	Moffett Campus	13 Miles
Main Campus	Rice Campus	36 Miles
Main Campus	Institute of Design	5 Miles
Downtown Campus	Moffett Campus	15 Miles
Downtown Campus	Institute of Design	1 Mile
Downtown Campus	Rice Campus	33 Miles
Downtown Campus	Main Campus	4 Miles
Moffett Campus	Rice Campus	23 Miles
Moffett Campus	Institute of Design	15 Miles
Moffett Campus	Downtown Campus	15 Miles
Moffett Campus	Main Campus	13 Miles
Rice Campus	Institute of Design	34 Miles
Rice Campus	Downtown Campus	33 Miles
Rice Campus	Main Campus	36 Miles
Rice Campus	Moffett Campus	23 Miles

b. Domestic Rental Cars

Rental of vehicles for University business use should be arranged through the University's preferred suppliers.

Standard vehicles are the recommended vehicle size for rental purposes. Upgrades to full-size cars are permissible if the traveler's approver or department designee provides approval, a detailed explanation (e.g., number of persons, luggage accommodations) is included in the business justification, and it is an allowable cost by the governmental sponsoring agency (if applicable). In addition to the payment for the cost of the rental car, the only other permissible expense for rental cars in most cases is the cost to purchase any gasoline.

The University maintains insurance for employees on University business. Vehicles rented for University business purposes for less than thirty (30) days are considered short-term rentals by the University's current automobile insurance carrier. Rentals for more than 30 days will require approval by the traveler's president, provost, vice president or dean and General Counsel's Office. Coverage of short-term rentals under the University's automobile insurance policy is subject to the following conditions:

- i. All drivers of rental vehicles must be over the age of twenty-one (21);
- ii. Coverage under the University's automobile insurance policy is only provided for vehicles rented in the United States, the territories and possessions of the United States, Puerto Rico and Canada; and
- iii. Rented vehicles should be leased as: Illinois Institute of Technology - (name of faculty, staff, or student).

The insurance coverage's below should not be purchased by those traveling in the United States, any territory or possession of the United States, Puerto Rico or Canada. The University already maintains automobile liability insurance within these countries and territories. Costs for the following coverage's **will not** be reimbursed:

- i. Loss Damage Waiver/Collision Damage Waiver;
- ii. Liability insurance supplement/Additional Liability insurance; and
- iii. Personal accident insurance.

c. International Vehicle Rentals

University employees renting vehicles for international business travel outside the coverage territory of the United States, the territories and possessions of the United States, Puerto Rico and Canada are to purchase automobile liability and physical damage insurance required by the specific country. University employees will be reimbursed for any required coverage and/or the following:

- i. Loss Damage Waiver/Collision Damage Waiver; and
- ii. Supplemental liability insurance, if any.

Regardless of location, the following optional insurance coverage will not be reimbursed:

- i. Personal effects coverage/effects protection; and ii. Personal accident insurance.

Any accident involving a rental vehicle in either a domestic or international location must be timely reported to both the car rental agency and the General Counsel's Office for handling of claims and coordination of coverage. The renter of the vehicle must secure a police report concerning the accident and deliver this report to the General Counsel's Office as soon as possible.

d. Ground Transportation

Ground transportation is an appropriate business expense (including a tip) to the extent that such service is necessary for business purposes.

5. Rail Travel

The class of rail travel chosen is expected to be the lowest-priced coach rail ticket available. In some cases, premium (e.g., first class) fares may be an appropriate business expense subject to budget availability and approval by the president, the provost, dean, vice-president or designated departmental finance representative.

Travelers are encouraged to request pre-approval for premium fares and must follow departmental guidelines/procedures.

6. Foreign Travel

All policies and procedures pertaining to travel apply to foreign travel. Actual costs are reimbursable, to the extent reasonable and necessary, provided valid business purposes and appropriate documentation are submitted with the expense report.

The U.S. State Department maintains a list of countries for which travel advisories have been issued. Countries where avoidance of travel is recommended will have Travel Warnings as well as Consular Information sheets. The State Department's Web site for travel advisories is: <http://travel.state.gov>.

Additionally, a traveler should consult the additional University travel resources (General Counsel's Office) at least 30 days prior to any planned travel to any country for which an advisory has been issued to ensure the traveler is covered by the University's insurance.

Foreign travel funded by sponsored grants or contracts may require agency or sponsor approval prior to travel. Individuals traveling abroad should consult agency guidelines and/or the relevant contract to ensure compliance with agency or sponsor procedures and restrictions. Any questions or interpretation of Federal or sponsor restrictions should be directed to the designated departmental finance

representative who may need to consult with the Grants and Contracts Accounting.

Most Federal agencies require that all foreign travel be on a U.S. carrier unless circumstances, such as lengthy holdovers, preclude using a United States airline (See **Air Transportation**).

Many sponsoring agencies or sponsors require approve of international trips abroad well in advance of departure. This requirement exists whether or not travel is referenced in the grant or contract award notification. Arrangements for foreign travel supported by sponsoring agencies or sponsors can be complex, requiring not only prior approval but detailed justification for each trip, as well as detailed trip reports.

When completing the expense report, expenses must be reported in U.S. dollars. Foreign expenses must be submitted in U.S. dollars using the exchange rate in effect during the time of travel. The exchange rate used must be noted on each receipt when receipts are represented in foreign currency, along with supporting documentation which identifies the exchange rate used for the conversion calculation. However, if purchases were made via credit card, a copy of the credit card receipt, in U.S. dollars, should be submitted as supporting documentation. Currency exchange rates can be found at the OANDA website, <http://www.oanda.com/>.

B. LODGING

1. General

The University will directly pay or reimburse a traveler for lodging expenses for the single occupancy cost of a standard room incurred during University-related travel. Travelers must retain an itemized hotel bill for reimbursement of their lodging expenses.

The University will not pay for free accommodations awarded in connection with hotel frequent guest programs or any complimentary room accommodations provided by a hotel or other third party.

Individuals traveling should consult agency guidelines and/or the relevant contract to ensure compliance with agency or sponsor procedures. Any questions or interpretation of Federal or sponsor restrictions should be directed to the designated departmental finance representative who may need to consult with the Grants and Contracts Accounting.

2. Cancellations

The University will pay for expenses incurred from cancelling guaranteed room reservations only with a detailed explanation of the extenuating circumstances. The detailed explanation must be approved by the president, the provost, dean,

vice president, or designated departmental finance representative and must be documented and submitted as appropriate with the travel expense form. It is the traveler's responsibility to request a refund from the hotel for a "no show" charge.

C. TRAVEL PER DIEMS- FOR EMPLOYEES ONLY

Employees may be reimbursed for meals utilizing the per diem rates. Departments may require reimbursement based on actual expenses with receipts in lieu of per diem based upon departmental-specific policies and procedures.

U.S. General Services Administration (GSA) periodically revises the per diem rates based on the costs of meals. Employees must use the per diem rates in effect at the time of travel. The per diem rates used must comply with those listed on the GSA website at: <http://www.gsa.gov/perdiem/>.

Meal and Incidentals Expense	Per Diem Rates
Domestic Rates, also known as Continental United States (CONUS)	http://www.gsa.gov/portal/category/21287 Domestic rates are established by the General Services Administration (GSA). Click on the above link and select the state of your travel destination. This will populate a list of cities and counties for that state. Once you have identified your destination location, look to the far right column labeled M&IE for the current meals and incidental expense per diem. If the city is not listed, but the county is, then the per diem rate is the rate for that entire county.
Foreign Rates	https://aoprals.state.gov/web920/per_diem.asp Foreign rates are established by the U.S. Department of State and are listed by travel country.

For budgeting constraints, departments may set per-diem rates below the approved rates, as in many cases reimbursement on a per diem basis will be more costly than reimbursement of actual expenses. The department is required to document the lower rates in writing to the traveler before the travel has occurred.

Per diems apply to the entire travel period – an employee cannot be reimbursed on a per diem basis for only a portion of a trip. Documentation for the claimed per diem

must accompany the reimbursement request (i.e., GSA per diem schedule). A per diem reimbursement will not be provided if there is reason to believe that the employee does not incur meal expenses.

Per diem calculations for the first and last day of travel must take into account departure and arrival times and must be prorated accordingly if the first and/or last business day of travel does not encompass at least 7.5 hours of travel and/or work time.

Additionally, the University's meal per diem will be reduced to account for meals furnished at no cost to the employee. For example, if meal costs are provided in the cost of a conference, airfare or hotel, those meals will be deducted from the daily per-diem rate.

Employees who are eligible to receive per diem reimbursement need not submit receipts for the meals covered by a per diem. However, recipients of per diem must submit documentation (e.g., airline and conference itineraries) confirming the travel dates.

In addition to per diem, employees may be reimbursed for certain other travel and business expenses. These expenses may include the costs of business transportation (including local transportation), business telephone calls, and other miscellaneous business expenses; all of the latter must be reimbursed on an actual basis, with appropriate receipts.

D. 30 DAYS CONSECUTIVE TRAVEL

When travel is expected to occur for more than 30 consecutive days in one location, or when the circumstances of the travel are such that the traveler can reasonably be expected to incur expenses comparable to those arising from the use of establishments catering to the long-term visitor or from the use of non-commercial facilities, the traveler may be reimbursed either for the actual and reasonable costs incurred or with a per-diem allowance equal to 60% of the standard rate for the appropriate geographic area. The reduced rate begins with the first day of travel.

E. ALCOHOL, MEALS, AND ENTERTAINMENT

1. General

Depending on the particular circumstances under which the expenses are incurred, expenses for alcohol, meals, and entertainment will be treated as follows:

- a. Entertainment expenses (see **Business Entertainment**) incurred in the course of conducting business, are unallowable as either a direct or indirect expense of federally sponsored projects;
- b. Business expenses may be allowable as either a direct or indirect expense of federally-sponsored projects, as provided by the applicable agency guidelines;

- c. Alcohol is an unallowable expense on federally sponsored projects;
- d. Personal expenses - will not be reimbursed.

For meals funded by a sponsored grant or contract, the individual incurring the business expense should consult guidelines and/or the relevant contract to ensure compliance with all agency or sponsor procedures and restriction. Any questions or interpretation of federal or sponsor restrictions should be directed to the designated departmental finance representative who may need to consult with Grant and Contract Accounting.

2. Travelers' Meals

The University will reimburse travelers for the reasonable cost of their own meals incurred during the time they are away from home (as distinguished from business entertainment expenses or local business meals covered in the following sections).

Employees can choose to be reimbursed via per diem or actual cost for meals. Nonemployees can only be reimbursed for actual costs incurred for meals.

As a general rule, travelers are expected to incur no additional cost when meals are provided as part of a fee for attendance at conferences, workshops, or hotel cost, or which are provided by an airline while enroute to their destination. When meals are provided in this way, the daily meal per diem is reduced accordingly. (See **Travel Per Diems – For Employees Only**). If there is a business justification provided regarding dietary restrictions, the traveler may be reimbursed for the meal. Any exceptions (i.e. dietary restrictions) must be approved by the traveler's approver.

The traveler is responsible for itemizing meals that were included as part of the conference registration fee, hotel cost, or the like.

Travelers sometimes pay for meals for others for University business reasons. These business expenses must include the name(s) of the meal attendees and the business purpose of the meal. If the attendees are not University employees, their affiliation with the University should be provided. For meals with six or more individuals including the traveler, the traveler need only identify the number of other people at the meal, and the business purpose.

3. Business Meals and Meetings When Not Traveling

a. Employee Only Business Meals

In cases where University employees meet over a meal when they are not traveling, the cost of the meal is considered a personal expense unless the primary purpose of the meeting is to conduct University business and there is a need to meet over the meal. Generally, these requirements are met when it is not possible for one or more employees to meet during working hours (e.g., when travel plans conflict with other meeting times) and the purpose of the meeting

is to conduct University business in accordance with a formal agenda. IRS regulations do not allow for payment of meal expenses incurred by employees who are not traveling away from home (e.g., their travel does not require an overnight stay) unless the above criteria are met. These business expenses are permissible when the name(s) of the meal attendees (all names are required for those meals with five or fewer individuals) have been documented and the business purpose of the meal is justified.

It is permissible to incur expenses for meals provided as part of a local conference, seminar, workshop, presentation or other similar group meeting involving employees when it extends through the usual mealtime(s). Such meals must be reasonable in nature and the purpose of the meeting must be documented accordingly to ensure that it is an appropriate business expense.

All business meals requests for reimbursement are subject to budget availability.

b. Occasional Employee Banquets and Functions

Occasional – generally, annual or semi-annual – functions for employees are considered business expenses when the function is intended to serve as a token of appreciation that primarily promotes employee relations/morale or that recognizes individual or group achievements, such as holiday parties, employee banquets, retirement parties, or the like. While reasonable expenses for these functions may

be considered appropriate business expenses per this Policy, they may be unallowable for federal reimbursement.

Occasions that are personal in nature such as parties to celebrate births, marriages, or small in-office functions with purchased food or beverages are ordinarily paid for by the employees involved and are not considered business expenses.

c. Recruiting and Other Business Meals

Expenses for dining involving non-University personnel are considered business expenses when the purpose of the meeting is to conduct University business and when it is necessary or appropriate to have the meeting in conjunction with, or during, a meal. Expenses for such meals should be kept to a reasonable level. The typical business meal might involve interviews of prospective employees, discussions with vendors, consultants, or other individuals with whom the University does business, or meetings of organizations and groups at which agenda items pertinent to University business are covered.

Inclusion of companions/spouses or other individuals who are not directly involved in conducting University business are general indications that the occasion is not a business meal, but an entertainment function. (See **Business Entertainment**.)

Recruiting expenses are further subject to departmental specific policies and procedures.

- d. Alcohol in Conjunction with Business Meals and Individual Travelers While not encouraged, alcohol may be considered a business expense (as distinguished from an entertainment expense) when served at University functions primarily intended to promote employee relations, such as faculty receptions, holiday parties, and the like.

Because alcohol cannot be charged to a federal grant or contract (either directly or indirectly), alcohol costs must be charged to the unallowable object code/expense type and to a non-federal account. Please refer to Appendix A for all unallowable expenses on federal grants.

F. BUSINESS ENTERTAINMENT

1. What is Business Entertainment?

Meals and functions are considered entertainment if they are intended to provide hospitality to non-University individuals which, although partially social in nature, are necessary and customary in furthering the University's business.

Examples of business entertainment include:

- a. receptions for University guests and visitors;
- b. alumni reunions or similar alumni functions;
- c. entertaining donors or prospective donors; and
- d. welcoming receptions for parents and students.

Meals and functions which include companions or spouses or other individuals who are not directly involved in conducting University business are general indications that the meal or function is entertainment rather than a business meal or meeting. (See **Companion/Spousal Travel and Business Expenses**.)

Entertainment expenses should be reasonable in relation to the nature of the meal or function and the resulting business benefit expected to be derived from the expenses. A description (either a list of names or identification of the hosted group) and the total number in attendance at an entertainment meal or function must be indicated along with the business purpose of the entertainment. The business purpose of the entertainment must also be documented.

Because entertainment expenses are rarely, if ever, allowable as either direct or indirect costs of federally sponsored grants and contracts, it is imperative that these and any related alcohol costs be segregated and charged to either an unallowable object code/expense type or appropriate function to ensure that the amount is excluded from any calculation of direct or indirect sponsored project costs.

2. Alcohol in Conjunction with Business Entertainment

If it is deemed appropriate by the president, provost, vice president, dean, or designated departmental finance representative to include alcohol at a University entertainment function, expenses for the alcohol must be charged to the unallowable object code/expense type.

G. OTHER BUSINESS AND TRAVEL EXPENSES

1. Visitors, Recruits, Independent Contractors, Consultants, Students, Courtesy Appointments and Other Non-Employees

When the University has agreed to cover the cost of travel, room and/or board, and other expenses of visitors, recruits, independent contractors, consultants, students, courtesy appointments, and/or other non-employees (hereinafter collectively referred to as “non-employees”), this Policy applies to their expenses as well, unless the relevant contract with the non-employee requires otherwise.

Non-employees must adhere to the same reasonableness standards and submit required receipts or other documentation supporting expenses.

It is the responsibility of the department to make non-employees aware of this Policy. Payment of non-employee’s expenses will be made once the following have occurred:

- (i) A non-employee expense report has been submitted that documents the relationship of the individual, clearly describes the business purpose of the expenses, includes proper supporting documentation, and is approved by the applicable department; and
- (ii) The Travel and Expense Reporting department in the Controller’s Office has audited the expense report for valid business purpose, accuracy and proper supporting documentation. (Note that additional information may be requested.)

Departments may also consider entering into an appropriate contract with the nonemployee for payment of fees that includes the non-employees expenses rather than submitting a non-employee expense report for payment of expenses.

The University will reimburse agreed upon the travel costs of students and nonemployees (such as job applicants, graduate student pre-admission visits, seminar speakers, lecturers, consultants and other individuals) when one of the following circumstances exists:

- a. required by contract;
- b. part of an established educational program in which the costs are included in the educational program fees;
- c. participating in research or group educational activities at the University’s request;

- d. participating in approved student events or activities;
- e. recruiting for the University; or
- f. approved by the president, provost, vice president, dean, department chairperson or designated departmental finance representative.

In cases where the payment may be considered a reimbursement of the student's personal expenses rather than a University business expenses, the reimbursement may be taxable to the student as a non-qualified scholarship. Questions regarding whether a payment may be considered a non-qualified scholarship should be directed to the Controller's Office.

For non-employee expenses funded by a sponsored grant or contract, the individual incurring the business expense should consult agency guidelines and/or the relevant contract to ensure compliance with agency or sponsor procedures and restriction. Any questions or interpretation of federal or sponsor restrictions should be directed to the designated departmental finance representative who may need to consult with Grant and Contract Accounting.

2. Professional Development

Reasonable expenses incurred in attending professional development programs are considered business expenses. Department supervisors determine who may attend such programs at the University's expense, subject to budget availability. Supervisors should ensure that the content of the program is of a substantive nature that directly relates to the employee's job responsibilities at the University. Supervisors should consult with designated departmental finance representative for budget availability.

Professional organizations can often provide expertise and training that is not available on campus. Program content should be carefully considered in weighing the cost of travel as compared to the benefit to the University.

Travel expenses and fees associated with continuing education credits required to maintain a professional certification that is not directly related to the employee's job responsibilities at the University are not reimbursable business expenses.

3. Memberships, Dues and Subscriptions.

The University's affiliation with an organization or group is based upon the business benefit to be derived by the University from such affiliation. In the case of certain civic, community, and educational organizations that serve a broader purpose and constituency, the University typically joins as an institutional member and, as such, designates employee representatives. Institutional memberships often provide certain benefits (such as reports, studies, or the like) to the University at large and may also provide news updates and magazines that are routinely sent to a specified number of individual employees on the

membership mailing list. Employees who attend meetings or functions as representatives of the University are eligible for reimbursement of travel expenses if approved by their respective departments.

Fees for individual memberships in business/professional associations as well as fees for magazine, newspaper, or newsletter subscriptions may be reimbursable if appropriate. Vice presidents or deans establish whether these costs will be reimbursed by the University. Individual membership in professional associations or other costs incurred to maintain professional certifications or licenses that are directly related to the employee's job responsibilities at the University and have a clear business benefit to the University may be considered appropriate business expenses.

The cost of memberships in athletic clubs, faculty clubs, social clubs, shopping clubs, business membership, fraternal orders, or other similar organizations generally do not qualify as business expenses. Employees must pay for these memberships personally, unless there is a clear business benefit to the University and the primary purpose of the membership is to benefit the University. In these instances, the cost must be approved by the president, the provost, the department's dean, a vice-president, or designated departmental finance representative.

4. Miscellaneous Expenses

Other expenses, including, but not limited to, postage, supplies, photocopying charges, and the like purchased for business use are considered business expenses. The payment for these types of miscellaneous business expenses must also include proper documentation and business justification.

5. Miscellaneous Travel Costs

Other travel expenses may include, but are not limited to:

- a. business telephone calls using personal devices while traveling;
- b. hotel internet service fees;
- c. fees for passports and visas, if specifically obtained in order to perform work on behalf of the University;
- d. fees for currency exchanges;
- e. necessary laundry and dry cleaning charges after completing five consecutive days of business travel;
- f. expenses associated with baggage handling and storage, including excess baggage charges and tips; and
- g. phone calls home in a reasonable amount.

All such expenses must be itemized and documented in accordance with this Policy.

6. Personal and Companion/Spousal Business and Travel Expenses

a. General

The University will not pay or reimburse travelers for expenses that are inherently personal in nature. Please refer to the **General Overview** section of this Policy for examples of items that are personal in nature.

b. Personal Business Conducted During Period of Travel

Personal expenses, as well as any incremental travel costs incurred for personal business during the course of a University business trip, are the responsibility of the traveler. Incremental travel costs include expenses that would not have been incurred on the business portion of the trip, except for the fact that the traveler conducted personal business at some point during the trip.

For example, gas and mileage charges for out-of-the-way travel to visit friends or relatives are personal expenses. Such expenses must be identified and deducted from the expenses reported on the expense report. Expenses for personal gain (e.g., personal consulting) cannot be reimbursed.

Personal expenses may not be charged to University accounts (even if the intention of the traveler or a third party is to later reimburse the University for these expenses). Airline reservations for personal travel made using a University preferred travel agency should be charged to a personal credit card and not billed to a University account.

c. Companion/Spousal Business and Travel Expenses

Expenses incurred for accompanying companions/spouses are considered personal in nature except on occasions when attendance of a companion/spouse at an event

serves a bona fide business purpose for the University and the presence of the companion/spouse is essential (not just beneficial) to the employee being able to carry out the business purpose for the University. In these cases, the business and/or travel expense should be authorized in writing by the president, provost, dean, vice- president, or designated departmental finance representative.

The written approval must be submitted with the expense report and must detail the business purpose served by the companion/spouse's attendance at the event and how the companion/spouse's presence was essential in carrying out that business purpose.

As these costs are always unallowable as direct or indirect costs for federal reimbursement, these costs must be recorded using an appropriate unallowable object code or function. Likewise, if companion/spousal travel is coordinated with a preferred travel agency and is to be paid for by the University, written approval must be obtained by one of the persons outlined above, and must be submitted with the travel request.

Amounts paid by the University for companion/spousal travel and/or business expenses must be included in the employee's W-2 as taxable wages unless the companion/spouse's attendance at the event meets the above requirements. Departments should consult the Controller's Office prior to making commitments to reimburse for companion/spousal travel and/or business expenses as the reimbursement may be taxable to the employee.

H. RELOCATION OF NEW EMPLOYEES

1. General Requirements

University departments may, in hiring new employees, agree to pay a portion of the cost of relocating the new employees and their families.

2. What Will Be Reported on the New Employee's W-2 for Tax Purposes?

Certain types of moving expenses paid or reimbursed by the University must be treated as additional compensation to the employee, subject to both income and employment tax withholding. All reimbursed moving expenses must be reported as taxable income. In any event, the University will treat such expenses in accordance with the applicable IRS regulations in effect at the time they are incurred. Refer to [IIT Policy AP109](#) for further details.

A department may elect to cover all or a portion of taxable expenses of relocating a new employee; but the new employee should be informed in advance of the move that the payment of these expenses are subject to payroll and tax reporting withholding.

III. PAYMENT OF BUSINESS EXPENSES

A. TRAVEL ADVANCES

1. General

Since the Procurement Card can be used to purchase airline tickets, conference fees and reserve hotel rooms, the University will authorize advances on a case by case basis only for international travel and upon the approval of the Controller. The University will provide travel advances for employees traveling on authorized University business to cover reasonable miscellaneous costs, such as taxi fares, tips, and other business expenses. Travel advances must not be used to cover personal expenses.

Each travel advance is the personal obligation of the traveler. Thus, the traveler is responsible for any lost or stolen travel advances (whenever possible, travelers should use hotel vaults to safe keep cash or other valuables). Employees are responsible for submitting an expense report with required receipts to account for the travel advance and for returning the unused balance of the travel advance.

2. Procedures for Obtaining Travel Advances

Travel advances are not a benefit. Rather, they are a mechanism to support the business needs of University employees when traveling. Requests for travel advances are submitted on the Travel Request Form. . Designated departmental finance representative may implement additional processes or limit travel advances.

Advances will not be granted to employees who have an uncleared prior travel advance unless the president, provost, dean, vice-president, or designated departmental finance representative certifies that extenuating circumstances warrant an additional advance.

The Controller's Office may revoke the right to obtain travel advances when the privilege has been abused.

3. Availability of Travel Advances

Travel advances will generally not be provided earlier than one business week before the planned departure date of the trip unless there are extenuating circumstances or an approved exception.

Employees must immediately return any travel advance to the Controller's Office when a trip has been canceled or has been postponed for more than five working days.

If travel advances are greater than the expenses incurred, the traveler must return the remaining balance (by personal check) to the Controller's Office at the same time the expense report is submitted.

4. Uncleared Travel Advances (Including Payroll Reporting)

The Controller's Office monitors uncleared travel advances and sends email notifications to travelers if the advance is not cleared within 30 days of travel completion.

If an individual fails to substantiate the business expenses covered by the travel advance within 90 days after completing the travel (e.g., clearing the advance), the University is required by the IRS to report these payments as taxable income to the employee.

An employee may not obtain additional travel advances if the employee has uncleared outstanding travel advances.

B. EXPENSE DOCUMENTATION

1. General

The primary responsibility for expense documentation rests with the individual requesting reimbursement or incurring the business or travel expenses, as well as the departments and supervisors who are authorizing and approving these business and travel expenses.

Because University business and travel expenses are subject to audit by government agencies, internal and external auditors and other sponsors, thorough documentation and accounting for expenses is required.

2. Required Documentation and Receipts

All purchases made with grant funds require a receipt regardless of dollar amount or means of payment.

All individuals requesting reimbursement or incurring business and travel expenses are required to attach original receipts to substantiate their business expenses, except in the case of per diem reimbursements – see **Travel Per Diems – For Employees Only**. However, business and travel expenses paid by the Procurement Card will not require original receipts and a legible copy is acceptable.

As with any University payment, original documentation is necessary to verify expenditures and eliminate the possibility of duplicate payments. All single expenditures of \$75 and greater need to be accompanied by original receipts. In instances where original receipts are not available, a copy may be acceptable when accompanied by a valid explanation. Generally, credit card statements are not sufficient documentation; however, if no other form of receipt can be obtained, the original credit card statement will be accepted, provided a valid explanation accompanies it.

It is not appropriate to round-off amounts or to estimate expenses. In cases of nongrant funded purchases where receipts are not required to be submitted, e.g., highway tolls, tips, or an expense in an amount less than \$75, individuals must report the actual amounts of the charges and itemize these expenses.

In the case of airfare not charged directly to a departmental account through a University preferred travel agency, travelers must provide proof of payment.

Meal and restaurant receipts should be itemized and include the name and location of the restaurant, the number of people served and the date and amount of the expense. If alcohol is included in the receipt total, it must be identified and recorded separately from the rest of the meal.

3. Itemizing Expenses

Expenses should be allocated to the proper Banner account number(s) based upon object code/expense type. In addition to segregating unallowable items and omitting non-business expenses, charges on itemized hotel or other bills such as meals, telephone, parking, internet fees, and the like should be broken out and reported separately.

Authorized persons approving business or travel expenses are primarily responsible for enforcing this Policy and, in so doing, must be satisfied that the expenses are appropriate, reasonable, and sufficiently described and documented in a manner consistent with this Policy.

4. Approval Authority

Each department has a defined expense approval hierarchy in the Banner Financial system. This requires that the approver of a business expense must be the individual's supervisor or someone at a higher level than the supervisor.

No individual is authorized to approve his or her own, a peer's or a supervisor's business or travel expenses. In assigning approvers for expense transactions, bear in mind that an individual must have signing limits/access to the organizations where expense transactions will be charged.

5. Proof of Payment

When requesting reimbursement for travel or business expenses paid via personal check, a copy of the front and back of the check or scanned image may be required to substantiate the expense.

Appendix A

ALLOWABILITY/UNALLOWABILITY OF SELECTED COST ITEMS

The Office of Management and Budget (OMB) has issued new guidance under [Title 2 of the Code of Federal Regulations \(CFR\)](#), which establishes uniform cost principles and audit requirements for all Federal awards to non-Federal entities, and administrative requirements for all Federal grants and cooperative agreements. 2 CFR 200, Subchapter F of this guidance establishes principles for determining the allowable costs incurred by non-Federal entities under Federal awards. Refer to Subchapter F of 2 CFR Part 200 for full detailed information on the allowability or unallowability of cost items.

This guidance is effective as of December 26, 2014.