



ADMINISTRATIVE POLICIES

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| SECTION: 400 – Financial Management | POLICY#: 402 |
| TITLE: Travel and Business Expense | R & O #: 08-, 13-19, 14-85, 17-27 |
| | IMPLEMENTED BY PROCEDURE# 402-A |
| SPONSORING DEPT/DIV: Support Services/Finance | |
| ADOPTED: 02/28/2017 | REVIEWED: |

PURPOSE:

The purpose of this policy is to establish guidelines regarding travel and business expenses incurred in the course of conducting official County business.

AUTHORITY:

IRS Publication 5137 (Taxable Fringe Benefits Guide), ORS 244.040 (Oregon Public Employee Ethics Statutes)

APPLICABILITY:

This policy is applicable to anyone traveling on County business unless otherwise directed by contract. Elected Officials are employees of the County for income tax purposes and, for this reason, are subject to this policy.

DEFINITIONS:

“Business expenses” means those expenses that are necessary, prudent and incurred while conducting County business.

“Commute miles” means the round-trip distance from an employee’s residence to their duty station.

“Duty station” means the location to which a person is assigned and normally works.

“Executive management” means a member of the Board of Commissioners, District Attorney, Sheriff, County Auditor, County Administrator, Assistant County Administrator(s),

County Counsel, appointed Department Directors, Government Relations Manager and others as designated by the County Administrator.

“Incidental Expenses” means the expenses related to overnight travel to cover fees and tips given to porters, baggage carriers, bellhops and cleaning staff.

“Local travel area” means any travel within the Portland metropolitan area (Washington, Multnomah, Clackamas, Marion, Yamhill, Polk and Columbia counties in Oregon and Clark County, Washington) and not involving an overnight stay.

“Per diem” means the daily allowance for meals and incidental expenses as established by the General Services Administration (GSA).

“Personal Vehicle Allowance (PVA)” means an allowance received by executive management staff as part of their base benefit plan.

“Private Mileage Reimbursement (PMR)” means a rate of reimbursement set by the IRS to be paid to employees using their personal vehicles to conduct official County business.

“Travel expenses” means qualifying travel related expenses include, but are not limited to, meals, registration fees, car rental, hotel charges and transportation fees, while traveling overnight and working in an official capacity representing the County.

“Travel status” means the authorized period of travel time away from the duty station from the time of departure to the time of return for the purpose of conducting official County business.

GENERAL POLICY:

Travel and business expenses must be reasonable and necessary in the course of conducting official County business. Persons traveling on County business are expected to be prudent and only incur costs they normally would incur if traveling at their own expense. Expenses solely for the benefit of an individual are not allowable.

Officials and employees shall make decisions regarding travel arrangements and expenses in the best interest of the County rather than to maximize accrual of a personal benefit(s), including but not limited to influencing travel arrangements so as to maximize accrual of awards to the detriment of the County or public.

The County will not pay for persons not employed by the County unless the person: 1) incurs the cost as a member of a County board or committee; 2) has traveled at the specific request of the

County; 3) is serving as a volunteer to a County program; or 4) is providing services under a contract requiring such payment.

POLICY GUIDELINES:

1. Responsibilities:

The County Finance Division oversees the Travel and Business Expense Policy, reviews department travel records for compliance with policy and procedures, provides training to departments on implementation of the policy and procedures, completion of necessary forms and advises on what is considered adequate supporting documentation. Questions regarding the intent or application of the policy or procedures shall be directed to the Chief Finance Officer or Controller.

2. Transportation Expenses:

- 2.1. Airfares to be paid by the County may be booked through the County's travel agency or alternate providers. The contract between the County and travel agency requires the County extend an opportunity for the travel agency to match the itinerary and fare offered by an alternate provider. If the itinerary and airfare cannot be matched, the employee may book with the alternate provider.
 - 2.1.1. Reimbursement of airfare and accommodations paid with a personal credit card will be limited to the traveler's own airfare and accommodations.
 - 2.1.2. Class upgrades and itinerary/booking changes are the traveler's responsibility and must be paid directly by the traveler. Exceptions will be handled on a case by case basis.
- 2.2. Use of County vehicles must comply with the County's Vehicle and Equipment Use Policy. Out of state use of a County vehicle must be reviewed with the County Risk Manager prior to such use.
- 2.3. Private Mileage Reimbursement (PMR):
 - 2.3.1. The use of a personal vehicle to conduct official County business shall be reimbursed at the private mileage rate (PMR) consistent with the IRS standard mileage rate. PMR is considered full payment (including depreciation, insurance, maintenance, fuel and other operating costs) for personal vehicle use in lieu of a County vehicle.
 - 2.3.2. Daily commute miles are not reimbursable regardless of the day in which the business travel occurred. For example, an employee who normally works from Monday through Friday travels on Saturday to their duty station for a business meeting. Because the travel was to the employee's duty station and the employee traveled their normal daily commute miles, the miles are not reimbursable even though the travel took place on Saturday.

- 2.3.3. PMR may be claimed for the full distance of business travel that occurs after a normal work shift on the same day. For example, when a maintenance employee is called back to perform emergency repairs.
- 2.3.4. In lieu of actual mileage, employees may use the following standard round-trip mileage for expense claims:
- Hillsboro / Salem – 120 miles
 - Hillsboro / Eugene – 250 miles
 - Hillsboro / Portland – 50 miles
- 2.3.5. Personnel traveling to more than one location in a given day may attach a County Private Mileage Reimbursement Log instead of detailing on an Expense Report Form.
- 2.4. Personal Vehicle Allowance (PVA):
- 2.4.1. PVA shall be provided to members of Executive Management as part of a base benefit plan.
- 2.4.2. PVA payments are subject to federal income tax and shall be reported by the County to the IRS on the W-2 form as taxable income.
- 2.4.3. Recipients of the PVA shall carry adequate personal vehicle liability insurance as required under Oregon law.
- 2.4.4. The PVA amount is established by the County Administrator. The Finance Division shall maintain a list of authorized PVA recipients and provide a periodic report to the CAO and payroll.
- 2.4.5. Recipients of the PVA shall be restricted from using a County vehicle except as approved by the County Administrator on a case by case basis.
- 2.4.6. PVA shall be considered full payment (including depreciation, insurance, maintenance, fuel, and other operating costs) for personal vehicle use in lieu of a County vehicle.
- 2.4.6.1. Personnel who receive the PVA and have approved business travel beyond the 50 mile radius of the assigned duty station may be reimbursed at the PMR rate for the total business miles driven.
- 2.4.6.2. Personnel whose duty station assignment is their place of residence will not need to subtract their daily commute miles from total miles driven when traveling for County business outside the 50 mile radius.
- 2.4.6.3. All other personnel with the PVA will need to subtract their daily commute miles from total miles driven when traveling on County business outside the 50 mile radius. For example, a director drives to Eugene and back for a meeting; the 250 total miles driven are outside the 50 mile radius. Their normal daily commute is 20 miles; the director can claim PMR for 230 miles at the current IRS standard mileage rate.

- 2.5. The rental of a vehicle must be authorized prior to travel by the department and County Administrative Office on the Travel Authorization Form.
 - 2.5.1. Rental liability insurance for in-state rentals is to be declined and will not be reimbursed since the County is self-insured. The purchase of liability insurance for out-of-state rentals is required and is reimbursable.
- 2.6. Taxis, shuttle buses and public transit are reimbursable when the use is necessary to conduct County business.
- 2.7. Parking meters, parking lot and garage fees are reimbursable. Parking, taxis and public transit charges of \$10 or less may be reimbursed without a receipt.
- 2.8. Coach or tourist class rail travel is reimbursable; however long distance rail travel should be avoided when traveling on County paid time.

3. Lodging Expenses:

Lodging is allowable on trips requiring overnight stays at a single rate unless the room is shared by another County employee. Employees are required to inquire about commercial or government lodging rates while traveling for County business

4. Business Meal Expenses:

- 4.1. Meals cannot be claimed for local travel related to the conduct of routine duties and responsibilities (e.g., an inspector in the field).
- 4.2. Business meal expenses occur when a County employee entertains a business associate, professional colleague and/or others over a meal during which business is actively conducted. In order for the meal to be considered nontaxable there must be a clear business reason for incurring the expense. GSA per diem rates are not allowed in these instances. The IRS provides the following guidelines to assist in the determination of whether a business meal expense is non-taxable.
 - *Is the meal 1) associated with the active conduct of the employer's business and 2) consumed directly before or after a substantial business discussion? Generally, an expense is associated with the active conduct of business, if there is a clear business reason for incurring the expense. The employee or elected official must clearly document that the business discussion was substantial in relation to the meal expense.*
- 4.3. Ultimately the IRS has the final decision authority for making the determination that the meal is non-taxable. Should the County ever be subject to an audit by the IRS, the decision could be made, by the IRS representative, that a business meal expense is taxable even if all of the above is documented.
- 4.4. In order to claim a non-taxable meal while traveling, a person must be on overnight travel status. IRS Reg. §1.274-5T(b)(2)

- 4.4.1. For breakfast on the first day of travel, personnel must be on travel status for two hours or more before the beginning of their regularly scheduled work time.
- 4.4.2. For dinner on their last day of travel, personnel must be in travel status for two or more hours beyond the end of their regularly scheduled work time.
- 4.5. Employees may elect to be paid at the federal meal per diem rates for the city to which the employee is traveling. Personnel not electing the federal meal per diem rate, and therefore claiming actual expenses incurred, must submit original detailed receipts. If unclear whether or not a reimbursement will be allowed contact Finance.

5. Combining Personal Travel With County Business:

When an employee combines official County travel with holiday, weekend, vacation or other personal travel, reimbursements and payments will be made only for those costs necessary for the County's business portion of the trip. Transportation costs chargeable to the County must be for the most direct route for the purpose of County business.

- 5.1. Combining personal travel with authorized business travel including, but not limited to, staying extra days on personal leave at the destination or additional non-business destinations is allowed provided the traveler pays any additional costs incurred as a result of combining personal travel with authorized travel.
- 5.2. Dependent travel including, but not limited to, double occupancy hotel accommodations, attendance at banquets or receptions and similar incidentals are also allowed provided there is no extra cost to the County, the traveler is responsible to pay any additional cost.
- 5.3. The benefit of combining personal travel with County business is only available while the employee is on official travel status. Additional costs, if any, are to be paid directly by the employee rather than be reimbursed to the County by the employee. While on travel status, the employee must be in compliance with the Travel and Business Expense policy.
- 5.4. The employee is solely responsible for reporting or otherwise addressing any tax consequences associated with this benefit.
- 5.5. State law prohibits public employees from using government rates, discounts or contract services for personal travel expenses; personal expenses must be obtained at the rates generally available to non-public employees.

6. Payment of Travel Expense:

- 6.1. Use of the County Purchasing Card (P-card) for all allowable business expenses is the preferred method of payment.
- 6.2. All travel related fees may be paid using a County purchasing card, processed as a check request prior to the trip, or pre-paid by the employee (in those instances when

the nature of the travel is better accommodated by the employee paying for the costs upfront) and a reimbursement requested.

- 6.3. A travel authorization must be approved prior to making any pre-payments for the events other than local travel. Accordingly, persons traveling on County business must first incur a cost before the County will make payment.

7. Travel Expenses Paid by an Outside Entity:

Entities outside the County may pay for authorized employee travel however; such payment must be as a reimbursement to the County and not as payment to the employee or to any vendor providing services related to the travel. Supporting documentation for these transactions shall be documented for audit purposes. Reimbursement by the outside entity shall be made directly to the County and never to a County official or employee and shall be according to costs allowable under the Travel and Business Expense Policy. The following exceptions:

- 7.1. An employee who is a member of a professional association attending an association function as an association official (elected or appointed or invitee) may be reimbursed directly by the association for those travel expenses. Travel expenses chargeable to a grant or contract awarded to the County shall be in accordance with the Travel and Business Expense Policy and accounted for according to the requirements of the grant or contract and the County's fiscal procedures; and
- 7.2. An employee traveling on behalf of another government agency may have their travel plans directly arranged and paid by the requesting agency.

8. Travel Awards:

- 8.1. Examples of travel awards are coupons, discounts, credit card rebates, frequent flyer miles, tickets and vouchers for being bumped from an airline flight. Employees should be aware of provisions of the Oregon public employee ethics statutes (ORS 244.040). This statute prohibits a public employee from using or attempting to use his/her official position to receive a financial gain or avoid a financial detriment that would not be available but for the person's employment by a public agency.
- 8.2. Travel awards including frequent flier miles, compensation for being displaced, and related items accrued or earned by officials and employees on official County business are considered to be part of the salary and benefits to which such officials and employees are entitled as compensation. County officials and employees shall be responsible for ensuring this compensation is reported as income for tax purposes to the extent required by law.

9. Exceptions:

The County Administrator shall have final authority for administering, interpreting and applying the terms of this policy. Exceptions to this policy may be granted when they are in

the best interest of the County and requested in writing by a department director or designee. Exceptions must be approved in writing by the County Administrator or designee.

10. Implementation:

Elected officials and department directors are expected to be knowledgeable of, and shall be responsible for, implementing this policy within their respective departments. Observance of this policy is mandatory for all County employees and violation may result in disciplinary action (up to and including termination).

11. Periodic Review:

This policy shall be reviewed by Support Services, Finance Division at least every three years, or more often if needed, and updated as necessary.