

City of Irving
Financial Policies and Procedures

TRAVEL AND ENTERTAINMENT

Policy History:

Effective Date of this Policy:	06/01/2017
Replaces/Updates Policy Dated:	03/23/2005
Policy Reaffirmed with no significant changes:	N/A
Approvals:	
 _____ Chief Financial Officer	 _____ City Manager

This policy has been established to provide uniform guidelines for proper, complete, and timely authorization and reimbursement of reasonable business travel expenses incurred by appointed officials, city employees and other persons who are authorized to officially represent the city at various conferences, meetings, conventions, seminars, and other functions.

It is the goal of the city to provide reasonable accommodations so that the traveler has neither out-of-pocket gain nor loss as a result of city sponsored travel.

As needed due to budgetary restrictions, departments may maintain stricter policies relating to travel.

The City Manager has the authority to make exceptions to the policy in extenuating circumstances.

1. City Manager's Designee

The following table clarifies the City Manager's Designee based on the person traveling.

Traveler	City Manager's Designee
Assistant City Manager, Fire Chief, Police Chief	Deputy City Manager
Deputy City Manager	Chief Financial Officer
City Manager	Deputy City Manager or Chief Financial Officer
All other staff	Assistant City Manager or Deputy Manager

The City Manager's Designee is not required for city judge, city attorney, city secretary, and employees reporting directly to boards of directors or via alternate operating structures defined by ordinance. However it is encouraged that an appropriate second party review from an internal control standpoint.

2. Non-Compliance

Failure to comply with any provisions of this policy may result in denial of future travel and/or disciplinary action up to and including termination.

3. Travel Request and Approval

The total cost of the trip should be estimated and included on the [Travel Request and Approval Form](#) (located on [Inet under Forms Financial Services](#)). Out-of-town travel identified in the Department Budget Detail or out-of-state travel substituted for another out of state trip that is similar in cost is considered pre-approved and does not need the City Manager's designee approval. Otherwise, out-of-state travel should be pre-approved by the director and City Manager's designee for the department. After appropriate approval, the form should be forwarded to Accounts Payable.

4. Expense Reporting

A [Travel Expense Statement](#) (report) (located on [Inet under Forms – Financial Services](#)) is to be completed upon return. The expense report must be signed by the employee who traveled and the department director or designee. If the city expends money for anything other than registration, an expense report must be turned in to Financial Services. Expense reports must be filed with the Financial Services Department no later than 45 days following the return to the city, though earlier return is encouraged. Financial Services will notify Department Directors, in writing, of any expense reports not submitted within 45 days.

Receipts are required for hotel and transportation cost. If a receipt is unavailable, a Lost or Unavailable Receipt Form is required. The written explanation should include, at a minimum, the date, amount, and purpose for the expenditure.

If grant funding is used and grant agreements requires actual expenditures to be claimed, receipts should be maintained for reimbursement purposes.

Travel reimbursement less than \$75 can be made with petty cash. If errors exist on the travel report and reimbursement has been issued, the amount must be reimbursed back to the City.

Request for travel reimbursement must be made prior to the end of the fiscal year that the travel occurred. This allows the travel expenditures to be reported in the proper year for accounting and budgetary purposes. For travel occurring within the last two weeks of the fiscal year, travel expense statements should be turned in no later than the beginning of the third week in October.

5. Per Diem

The Federal Meal & Incidental Expense (M&IE) per diem is the maximum amount allowed travelers for meal and incidental expenses for travel destinations within the United States. The Federal M&IE per diem for meal and incidental expenses is a flat rate payment and can be found at www.gsa.gov/perdiem.

FY 2016 Per Diem Rates for San Antonio, Texas

(October 2015 - September 2016)

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Cities not appearing below may be located within a county for which rates are listed. To determine what county a city is located in, visit the [National Association of Counties \(NACO\) website \(a non-federal website\)](#).

The following rates apply for **San Antonio, Texas**

Primary Destination (1, 2)	County (3, 4)	Max lodging by Month (excluding taxes)												M&IE (5)	
		2015			2016										
		Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept		
San Antonio	Bexar	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$120	\$64

In order to be eligible for a Per Diem, the travel must involve an overnight stay. The city will not reimburse employees for meals not associated with an overnight stay. The Internal Revenue Service rulings consider reimbursement of meals to employees when not associated with travel (including an overnight stay) as taxable income to the employee. Using a P-Card to pay for such a meal will not be considered a valid expense and must be repaid to the City.

In the rare instance of travel outside of the United States, the U.S. Department of State Foreign per diem rates should be used (https://aoprals.state.gov/web920/per_diem.asp).

Per Diem shall not be issued more than 10 working days before the date of travel.

The City will pay 75 percent of the M&IE amount for each travel day and 100 percent of the M&IE amount for full days while on the trip.

6. Local Travel

For this policy, Local Travel is defined as those trips not requiring an overnight stay.

A. Mileage

Mileage will be reimbursed at the current IRS allowable rate. Mileage is measured from the employee's home to the destination and return, or from City Hall to the destination and return, whichever is less. MapQuest (or similar online mapping) showing the mileage comparison is required.

B. Meals

1. Per Diem are only allowed when the event requires an overnight stay.
2. If an employee goes to a seminar, meeting, conference or other event in a location which does not require an overnight stay, the cost of any “on your own” meal purchased that day will not be reimbursed to the employee. This does not apply in cases where a meal is included in the registration for the event.
3. For those limited situations when an overnight stay is not involved and an employee meal is purchased along with a meal for another person during a business meeting that would be considered entertainment of the other person for a business purpose, see the Entertainment section below.

Reimbursable mileage and tolls for local travel do not require an Expense Report; however, sufficient support must be provided.

7. Entertainment

This section has been established to provide uniform guidelines for reimbursement of authorized and necessary business related entertainment expenses. This section applies to the City Manager, Deputy City Manager, Assistant City Managers, Department Directors and Intergovernmental Services Manager.

Business-related entertainment expenses include meals and other appropriate expenses when entertaining the following types of guests:

- Representatives of other governmental agencies.
- Technical and professional advisors and consultants.
- Candidates for executive positions.

As a general rule, alcoholic beverages are not to be reimbursed. However, alcohol may be appropriate for certain city-sanctioned events.

For reimbursement of Entertainment Expenses, an [Entertainment Expense Report](#) must be completed. A copy of the form is located on [Inet under Forms – Financial Services](#). Information to be reported on the Entertainment Expenses Report include:

- date and place expense was incurred,
- reason or the expense,
- name, occupation, title, or other information relating to each person attending sufficient to establish a relationship with the City of Irving,
- type of expense,
- amount expended with reasonable itemization (please limit tips to 20 percent),
- original items receipts for each separate expenditure. However, only a credit card receipt is available, a description of the expenditures written on the receipt is acceptable.

If an itemized receipt contains charges not eligible for reimbursement, such as alcohol or a companion's meal, when adjusting for the charges not being reimbursed, it is important to adjust to associated taxes and tips. To assist with calculating the adjustment, a [Receipt Adjustment Form](#) is located on [Inet under Forms – Financial Services](#).

8. Out-of-Town Travel

For this policy, Out-of-Town Travel is defined as trips requiring an overnight stay.

- A. Transportation: All modes of travel should be selected with consideration given to minimizing the loss of time to the employee and cost to the city.
 1. Air Travel: The goal is to book flights with consideration given to travel time, convenience to the traveler and cost effectiveness without interfering with the business purpose of the travel.
 - a. Air travel arrangements are to be made by the department within budgeted funds sufficiently in advance to take advantage of available discounted fares. Travelers are not expected to fly at unusual times or make flight connections to qualify for discounted fares.
 - b. Air travel shall be coach class using the lowest available fare.
 - c. The cost of priority seating or Early Bird Check-in is not an eligible travel expense and will not be reimbursed.
 - d. If a substantially reduced airfare is available with a Saturday night stay over, the city will cover additional hotel and meal expenses provided these expenses do not exceed the airfare savings. To be covered for the additional day's expenses, the traveler must attach a copy of the airfare quotation to the expense report.
 - e. Companion airfare must be billed directly to the individual or paid by personal credit card. For volunteer positions, companion airfare can be charged to the City and reimbursed immediately to ensure they are seated together.
 - f. The cost of additional flight insurance to avoid cancellation penalties is permissible if approved by the director and City Manager's designee.
 - g. Any change in flight plans before or during the trip which increases the cost must be documented and substantiated.
 2. Ground Transportation
 - a. Airport parking may be at the short-term lot only for periods of up to 24 hours. Longer times should be in a long-term lot.
 - b. As an alternative to airport parking, if economical, hired transportation may be used and will be reimbursed at the rate from the work-site.
 - c. If approved by the Department Director, use of a personal automobile in lieu of air travel is allowed. However, the traveler will be reimbursed only for the lower of mileage at the current IRS allowable rate or the least expensive airfare and related associated expenses (shuttle, taxi, parking etc.) upon return. MapQuest (or similar online mapping) showing the mileage is required. The airfare quote must be documented with the expense report.
If airfare quote is not included, the lowest possible airfare, assuming a twenty-one day advance purchase, will be utilized for reimbursement purposes.
 - d. If approved by the Department Director, use of a city automobile in lieu of air travel is permitted.

- e. Taxi, shuttles, or similar hired transportation at the destination are reimbursable only if required for business purposes.
- f. Car rental at the destination must be approved in advance by the Department Director. Car rental will be for a mid-size car or smaller unless there are more than two employees traveling together.

B. Lodging

1. Lodging should be at the conference hotel when possible. If the conference hotel is booked, a comparably priced hotel in the vicinity should be selected.
2. Lodging receipts with an itemized listing of charges must be submitted with the expense report.
3. Lodging should be at the standard single occupant rate.

C. Meal and Incidental Expenses

1. M&IE will be allowed based on destination city per the General Services Administration table.
2. The M&IE per diem paid for travel days will be 75 percent of the M&IE per diem.
3. Incidental expense include snacks, and tips for meals, luggage and housekeeping, etc.
4. Costs for personal expenses such as, but not limited to, movies, laundry, medication, writing instruments and materials, personal hygiene products, reading materials, etc. are generally not reimbursable.

D. Miscellaneous Expenses

1. Overweight baggage fees associated with transporting City materials is an allowable reimbursable expense.
2. Expenses associated with obtaining a passport for foreign travel are not reimbursable.
3. Spouse or companion travel is not reimbursable.

Travel Policy Q&A

June 1, 2017

Overarching Comments

The Intent of the Travel Policy is to comply with Internal Revenue Service (IRS) rules to provide non-taxable income to the traveler. The following discussion is based on IRS rules, as we interpret them.

Meals

A separate policy will be developed to clarify business meals.

Meals will not be reimbursed for travel that does not require an overnight stay. IRS Publication 463, Travel, Entertainment, Gift and Car Expenses provides guidance on when meals may be reimbursed. Specifically, Publication 463 states:

Meals

You can deduct the cost of meals in either of the following situations.

- It is necessary for you to stop for substantial sleep or rest to properly perform your duties while traveling away from home on business.
- The meal is business-related entertainment.

Traveling Away From Home

You are traveling away from home if:

- Your duties require you to be away from the general area of your tax home (defined later) substantially longer than an ordinary day's work, and
- You need to sleep or rest to meet the demands of your work while away from home.

This rest requirement is not satisfied by merely napping in your car. You do not have to be away from your tax home for a whole day or from dusk to dawn as long as your relief from duty is long enough to get necessary sleep or rest.

In order to make the reimbursement of a meal not treated as income, the rest period needs to be longer than “merely napping in your car.”

Business Related Entertainment

The second bullet in Meals in IRS Publication 463 states a meal can be tax exempt income if the meal is business-related entertainment. IRS Publication 463 states:

General rule	You can deduct ordinary and necessary expenses to entertain a client, customer, or employee if the expenses meet the directly-related test or the associated test.
Definitions	<ul style="list-style-type: none">• Entertainment includes any activity generally considered to provide entertainment, amusement, or recreation, and includes meals provided to a customer or client.• An ordinary expense is one that is common and accepted in your trade or business.• A necessary expense is one that is helpful and appropriate.
Tests to be met	Directly-related test <ul style="list-style-type: none">• Entertainment took place in a clear business setting, or• Main purpose of entertainment was the active conduct of business, and• You did engage in business with the person during the entertainment period, and• You had more than a general expectation of getting income or some other specific business benefit. Associated test <ul style="list-style-type: none">• Entertainment is associated with your trade or business, and• Entertainment is directly before or after a substantial business discussion.
Other rules	<ul style="list-style-type: none">• You cannot deduct the cost of your meal as an entertainment expense if you are claiming the meal as a travel expense.• You cannot deduct expenses that are lavish or extravagant under the circumstances.• You generally can deduct only 50% of your unreimbursed entertainment expenses (see 50% Limit).

Based on this, a section covering Entertainment has been added to the Travel Policy.

Travel Policy Q&A

June 1, 2017

Individual Questions asked by Departments

The following questions have been asked by individual departments. Since the questions and answers might benefit other users, we have provided them here.

1. By changing to per diem vs. travel advance, does this mean that travelers no longer need to turn in receipts for meals etc. or reimburse the City for any money left over? They are given a check for \$x to spend or save as they please? **Yes, that is how the per diem works.**
2. Is the per diem charged as taxable income to the traveler? **Since the per diem is associated with overnight travel, it is not taxable to the traveler. However, if we allowed per diem, or even reimbursement, for meals that did not require overnight travel, that portion would be taxable to the traveler.**
3. I currently use my City credit card (PCard) for meal purchases and similar incidentals when traveling. Should I change to a per diem to avoid the hassle of itemized receipts and filling out the expense report? **Yes, we will only issue per diems and PCard should not be used for meals covered by per diems.**
4. The policy states that the cost of “on your own” meals during the day will not be reimbursed on trips not requiring an overnight stay. If someone gets up at 5:00 a.m. and drives to Austin for City business, and drives back home that night returning at 9:00 p.m., is the employee on the hook for all three (maybe even 4) meals during that day? Wouldn't it be cheaper to reimburse a couple of meals vs. the employee driving down the night before and paying for an overnight stay in a hotel and 2 travel days of 75% per diem? **Yes, it would be cheaper, However, IRS rules would require such a reimbursement be considered taxable to the employee. Our position is to not create taxable income to the employee.**
5. If we go to per diem, are travelers still required to turn in itemized receipts at the end, and return to the city any unused funds similar to the current travel advance? Or, does the traveler simply receive the per diem with no reporting/accounting required at the end, which is how I have always understood per diem? No receipts would be needed for meals and incidentals. **For the per diem, no receipts are needed related to meals.**
6. Does this revised policy apply to City Council when they are traveling with the Planning and Zoning Commission? **No – the City Council Travel Policy is controlled by the City Charter, and the current interpretation is they would not be allowed to use a per diem in-lieu of actual expenses.**