

ACH Reimbursement --Traveler FAQs

Please Note: This is a brief overview only, please read the following pages for the full ACH Travel Reimbursement Policy.

Approved Travel Agency: Poe Travel in Little Rock (AR) (Flights for Heartland related travel)

Contact: Lacy James or Carla Landon -- 501-376-4171 or 800-727-1960

- No funds for travel will be provided in advance. Reimbursements only.
- It is the responsibility of the traveler to check for accuracy of bills and other documents before accepting or paying for them.
- "Lavish or extravagant" meals, hotels and entertainment expenses are not allowed. Alcohol will not be reimbursed under any circumstance.
- Travelers must submit detailed (itemized) receipts for meals or hotel and show a zero balance due. An itemized lodging receipt is required. (Separate line item for each charge).
- Parking at airport and meeting site is reimbursable.
- Mileage will be reimbursed at the IRS standard business rate.
- Taxi fares or shuttle fares are reimbursable, if sharing a taxi; the other travelers must be listed with full names.
- Internet access fees will be reimbursed if used for business purposes and free access is not available.
- Travelers will not be reimbursed for lodging if staying at a private residence of a friend or family member.
- Traveler's spouse's expenses will not be reimbursed.
- Please include a list of all the expenses incurred when submitting receipts. This will help expedite the reimbursement process.
- Retain all receipts (itemized and credit card), no matter the dollar amount.

Submit all receipts for reimbursement to:

Dustin Foster
Administrative Assistant
Arkansas Children's Hospital
Peds Genetics, Slot 512-22
Little Rock, AR 72202

Questions? Contact:
Dustin Foster
501-364-2915

Title:	Travel (Business and Education) and Business Expense Policy
Owner:	Edwards, Cheryl (Financial Operations Vice President)
Recommending Group:	Accounting Department
Oversight Group:	Administrative Policy and Procedure Committee
Oversight Review Date:	April 25, 2012
Approval By:	Berry, David (Senior Vice President\COO)
Effective Date:	May 1, 2012

POLICY

Arkansas Children's Hospital (ACH) and its subsidiaries provide reimbursement to hospital employees, UAMS employees and Board Members for ACH related travel and non travel expenses which are reasonable, appropriate, and fulfill the hospital's mission.

PROCEDURE

I. General

- A. The Internal Revenue Service (IRS) has issued Publication 463, Travel, Entertainment, Gift and Car expenses. This publication, along with IRS Publication 535, Business Expenses, serves as the basis for the ACH Travel and Business Expense Policy. ACH Research Institute should follow federal Office of Management and Budget (OMB) Circular guidelines for grants in addition to this policy.
- B. All employees are expected to exercise good judgment in incurring expenses. Employees should check for accuracy of bills and other documents before accepting or paying them.
- C. IRS regulations include the following guidelines:
 1. Employees should claim reimbursement only for ordinary and necessary business related expenses.
 2. "Lavish or extravagant" meals, hotels and entertainment expenses are not allowed. (See Section III. A. 8. Individual Meals/Gratuities and Section III. B. Non-Travel Expenses for documentation requirements.)
 3. An expense is not considered lavish or extravagant if it is reasonable based on the facts and circumstances.
 4. Expenses will not be disallowed merely because they are more than a fixed dollar amount or take place at deluxe restaurants, hotels or resorts. However, expenses that are considered lavish or extravagant based on the

circumstances may, either not be reimbursed, or may be treated as taxable income to the employee.

D. In order to reimburse employees, ACH must have an accountable plan in accordance with IRS regulations. An accountable plan requires that employees meet all of the following requirements:

1. They must have paid or incurred deductible expenses while performing services as an employee.
2. Adequately accounted for the expenses by providing required documentation within a reasonable period of time.
3. Returned any excess reimbursement/advance amount within a reasonable period of time.

II. Authorization of Travel

- A. ACH Accounting will process travel if the authorizing signature is within the limits as documented in the Signature Authorization database. However, Vice President's (VP) or above may require that travel initially be approved at the VP or above level in order to monitor budgets.
- B. It is the responsibility of the person who authorizes the travel and related expense report to ensure that they have the delegated authority to do so.

III. Travel Procedures

A. Preauthorization and Advance Requests

1. ACH Research Institute (ACHRI) and grant funded travel must be preauthorized through the submission of a Travel Preauthorization Request via eRequest.
2. One travel advance per trip may be obtained to financially assist an employee with travel. An advance may be obtained up to 30 days prior to the time the employee incurs expenses (not necessarily the same as the trip date). An advance request should include the following information:
 - i. Date, purpose and destination of the trip
 - ii. Appropriate authorization signature and account number
 - iii. Advance amount requested.
3. Receipts should not be attached to either the preauthorization request or the check request for the advance. Receipts should be held and turned in with the

Business Expense Report when the trip is completed. Travel advance checks will be available for pickup at the Office Building reception desk if requested, or will be mailed, on Tuesdays after 8:00 a.m. if the advance request is received by 2:00 p.m. on the previous Tuesday.

4. In the event a travel advance was obtained but the trip was cancelled, the advanced funds should be paid to the hospital within 5 days of the trip cancellation. If advances were applied to personal credit cards, notify Accounting and discuss arrangements for your credit card to be charged for the advance amount. In the event unused advances are not returned to Accounting within 5 days, the employee's administrator will be notified.
5. Travel advance requests may be submitted by eRequest or in paper form.
6. Travel Preauthorization and/or Advance Request (eRequest): As noted above, this form is required for ACHRI travel. In order to submit your expense report via eRequest (see below), this form must first be submitted electronically via eRequest and approved before the trip is made. This form can also be used to request an advance check. Once the preauthorization request for an advance has been approved, it will automatically print in Accounting.
7. Travel Advance Request (paper form): Paper forms should be submitted to Accounting either through interoffice mail, Slot 663, or delivered to the Office Building reception desk.

B. Business Expense Reports

1. Per the IRS, employees must provide adequate documentation as evidence of their travel, mileage and other employee business expenses. This evidence should include items such as:
 - i. Detailed restaurant and hotel receipts,
 - ii. Proof of payment (credit card receipts, receipts that indicate a zero balance due
 - iii. Cancelled checks or bank or credit card statements (images of cancelled checks and bank or credit card statements are acceptable)
 - iv. Other records such as conference agendas.
2. In addition, the IRS requires that excess reimbursements or advances (any amount paid to an employee that is more than the business-related expenses for which the employee adequately accounted) must be returned to ACH within a reasonable period of time. Travel expense reports and excess reimbursements/advances must be submitted to Accounting within 30 days after the trip occurs, except for trips taken in June, which must be submitted to by the fifth business day of July in order to meet year end closing deadlines.

3. Reimbursement for expenses will be made for the actual expense incurred if the expense complies with these guidelines. ACH Accounting requires original receipts for any cost in excess of \$25; however, VPs or above or Grant Principal Investigators may require detailed receipts for all expenses. Expense reports and reimbursement check requests may be submitted and approved electronically via eRequest or by the ACH Business Expense Report paper form. Prior to approval, for either method, the authorizing person should review the expense report or check request complete with attached original receipts. An authorizing signature indicates that expenses and supporting documentation were reviewed for reasonableness and compliance with this policy.
4. Due to numerous instances of lost receipts, employees are required to tape all receipts and supporting documentation on 8.5x11 sheets of paper prior to submitting expense reports or reimbursement requests to Accounting. If receipts are not taped, the employee is at risk of not receiving reimbursement for any receipt that may be lost. A copy of your expense report and receipts should be made before submitting it to Accounting.
5. Generic receipts (not pre-printed with vendor's name) from a common receipt book will not be accepted. If this is the only type of receipt available, additional proof of payment will be required.
6. Only one Business Expense Report will be accepted per trip. No partial reimbursements will be made. Also, if a business expense report is returned for further information, Accounts Payable will use the "resubmit date" to determine when the reimbursement check will be run.
7. Expense reports may be submitted by eRequest or paper form
8. Travel request form through eRequest:
 - i. If submitting electronically via eRequest, create a completed travel request form from the preauthorization request.
 - ii. If additional approvals are required from VP or above for expenses as noted throughout this policy, then you should select an additional approver and provide the additional approver with the required documentation for review.
 - iii. After the travel expense report has been appropriately authorized for your final travel expenses, print a copy of your approved eRequest, attach your original receipts and supporting documentation and send to Accounting, slot 663.
9. Business expense report (paper form) If submitting a paper form, the ACH Business Expense Report must be completed with original receipts and

supporting documentation attached. After the report has been appropriately authorized send to Accounting, slot 663

IV. Types of Expenses and Documentation

A. Travel

1. Registration for Conferences / Meetings

- i. Conference or meeting registrations may be paid directly to the organization/vendor from ACH or the employee may pay for the registration and submit the expense for reimbursement with his/her expense report. In order for ACH to pay for the conference or meeting, an original registration form and the conference agenda should be submitted to Accounts Payable complete with an account number and appropriate approval signature. Per the IRS, conference or convention agendas that show the purpose of the convention should be attached to expense reports regardless of whether paid direct or reimbursed to the employee.

2. Air Travel

- i. Employees may either use personal funds or obtain a travel advance to purchase airline tickets. The hospital shall not pay a travel agency directly unless approved by a VP or above.
- ii. The employee should book the most reasonable air fare available. The employee should plan ahead in order to take advantage of the substantial savings gained by discounted fares and indirect flights. The hospital provides for economy air travel only.
- iii. If "e-tickets" or "ticketless airfare" are purchased the confirmation email should be printed to document the cost of the airfare. The confirmation should document the cost of the airfare and the flight information. The confirmation email may be the only document you receive that documents a purchase price.
- iv. If airfare and hotels are booked as a package, typically through an Internet travel website, then the hotel may not give you a separate invoice if you have no additional charges to your room. The confirmation information you receive at the time of purchase should be printed as your documentation source. The confirmation should detail the hotel and airfare charges separately. This will be acceptable documentation as it is only for the cost of the room and doesn't include additional charges. If you have additional expenses charged to your room then you must obtain a detailed receipt from the hotel.

- v. If an airline ticket is purchased and the trip is cancelled, the expense will be charged to the employee's department. However, if the ticket may be used for another trip within one year, the ticket will be treated as an advance to the employee until such time that the ticket is redeemed or expires. Invoices for chartered flights must include the destination, name of passengers, and the business purpose of the trip before submitting to Accounts Payable for payment.

3. Mileage

- i. Mileage is reimbursed at the published IRS standard business rate. One person per vehicle will be reimbursed. ACH Accounting may confirm mileage, within a 25 mile tolerance, by using an Internet source. Mileage must be detailed on the business expense report form.
- ii. In accordance with the IRS, mileage from your personal residence to your main workplace is considered commuting and is not reimbursable under an accountable plan.
- iii. ACH reimburses travel (a business trip that requires an overnight stay) under an accountable plan; however, in accordance with IRS regulations, to determine whether you are traveling away from home, you must first determine the location of your "tax" home. For business travel, your "tax" home is your regular place of business. It includes the entire city or general area in which your work is located. For most ACH employees, your tax home is Little Rock. For example, mileage from your personal residence directly to the Little Rock airport is not allowable as Little Rock is considered your tax home. However, if you must first travel to ACH, mileage from ACH to/from the airport, or another meeting site in the Little Rock area, is reimbursable. If travel by automobile is used rather than air travel, the cost is not to exceed the economy class round-trip airfare, plus taxi or auto rental.
- iv. Temporary work location is defined by the IRS as "A place where your work assignment is realistically expected to last (and does in fact last) one year or less." For a temporary work location, mileage is reimbursable if you have a regular or main job at another location. For example, if you work at ACH and you are required to work outside of Little Rock for a temporary period of time (one day – to one year) then you may be reimbursed for mileage from your residence to the temporary work location.

4. Parking

- i. Parking at the airport and the meeting site is reimbursable. Long-term

parking, which is generally less expensive, should be used at the airport if traveling two or more days.

5. Taxi or Shuttle Fares

- i. Taxi fares or shuttle fares are reimbursable. If taxis are shared with other employees, then their names should also be listed on the receipt. Employees should obtain a receipt when possible and must have a receipt if in excess of \$25. Every effort should be made to utilize the least expensive mode of transportation available.

6. Rental Cars

- i. For overnight travel, employees should rent a car only when it is required for daily use at the business destination or there is no less expensive means of transportation from the airport to the business destination. If rental cars are to be used for multiple employees, then the names of all employees should be listed on the receipt. If an employee uses the car for business and personal use, the cost of the car must be prorated. Check to see if you are entitled to a discounted rate as a hospital employee. Employees on business are covered by the hospital's insurance policy and do not need to buy auto insurance for rental cars.

7. Hotel Accommodations

- i. Lodging can be reserved directly with the hotel or through the organization sponsoring the conference. The hospital will not reimburse travelers for hotel accommodations when staying at the private residence of a friend or family member.
- ii. An itemized receipt is required for reimbursement of hotel accommodations; credit card receipts alone are not sufficient. In accordance with IRS regulations, hotel receipts should include the following: the name and location of the hotel; the dates you stayed there; and separate amounts for charges such as lodging, meals, and telephone calls. A hotel receipt or invoice should not be in the Hospital's name; however, in the event this occurs, the employee must provide proof of payment in order to be reimbursed.

8. Individual Meals / Gratuities (travel related)

- i. The actual reasonable cost of three meals per day will be reimbursed by the hospital. Reasonable gratuities will also be reimbursed by the hospital. Meals in excess of \$25.00 require an original (detailed) restaurant receipt; credit card receipts alone are not sufficient. (If an original (detailed)

restaurant receipt is not submitted for reimbursement and if, as a substitute, sufficient additional documentation can not be provided, the expense may either not be reimbursed or may be treated as income to the employee.) In accordance with the IRS, meal receipts are considered adequate if they include the following: the name and location of the restaurant; the number of people served; and the date and amount of the expense. The receipt should detail the items purchased. If the number of people served is not indicated then it may be noted on the receipt by the employee. The IRS also requires the business purpose of the meal to be documented on the receipt by the employee. Meal receipts for more than one person must be documented with the names of all persons paid for on the receipt and their business relationship.

9. Telephone Calls

- i. The hospital will reimburse all long-distance telephone calls and faxes relating to hospital business. The hospital will reimburse one personal call of reasonable duration (the cost of a 3-5 minute phone call) each day you are out of town.

10. Internet Access

- i. The hospital will reimburse for Internet access if required for business purposes and free access is not available.

11. Personal Expenses

- i. Personal expenses such as alcoholic beverages, movies, massages, gift shop purchases, safekeeping fees, valet services, haircuts, shoe shines, sauna baths, health club visits, golf, tennis or other sporting activities are not reimbursable. If the traveler is away from home for more than five (5) days or if an article of clothing is accidentally soiled, then reasonable laundry expenses will be reimbursed with receipt.

12. Spouse or Other Party Travel Expenses

- i. ACH will not reimburse the cost of travel expenses for spouses or other parties that may travel with ACH employees. If costs incurred by the employee are increased due to having an additional person on the trip, the excess cost must be paid by the employee.

13. Foreign Travel

- i. ACH will reimburse employees for foreign travel expenses for business related expenses only. In accordance with the IRS, if employees combine

vacation time on a trip outside of the United States, expenses, including airfare, may be allocated between business expense and personal expense. There are many factors that determine allowable costs. To determine what costs may be allocated, you should provide ACH Accounting with the following information regarding your trip two weeks before you make your travel arrangements: (1) Destination, (2) Duration, (3) Business purpose, (4) Travel agenda; and (5) Conference or meeting agenda. Currency Conversion: If an employee submits a receipt for reimbursement and the receipt has been calculated using a foreign currency, the employee must compute the currency conversion and provide the amount to be reimbursed in US dollars on the receipt. A credit card statement is preferred as the exchange rate has already been calculated; however, if the employee pays with cash, the conversion amount should be written on each receipt by the employee and supported with documentation of that day's conversion rate. Documentation may include a conversion table obtained from the Internet.

14. Non – Travel Business Expense

- i. Include but are not limited to: meals for business meetings, education classes, recruitment, recognition, employee gifts and other events.
- ii. Require supporting documentation.

V. General Rule:

- A. Per the IRS, meals should have an original (detailed) receipt or invoice from the caterer or restaurant that has the following information documented:
 1. the name and location of the restaurant/caterer
 2. the number of people served
 3. the date and amount of the expense.
- B. The items ordered should be detailed on the receipt. In addition to the invoice or receipt requirements, the IRS requires that the business purpose and business relationship be established.
- C. This requirement is met by documenting the following information on the invoice/receipt:
 1. the business purpose of the meal (general description of the business transacted)
 2. the names of the people for whom the meals were paid
 3. the business relationship such as "job candidate" or "consultant" if the person is not an ACH employee.
- D. Information is Missing or Not Available:

1. Number of attendees is not known when food is ordered. In this situation, you should document with the information used to determine the order. For example, if you order food based on number of invitees for a meeting then the receipt should be documented as follows: "10 box lunches ordered for 10 committee members" and list the committee members by name. If you provide food for the first 20 people that attend an education class, then document as follows: "Lunch provided for first 20 attendees."
2. The receipt should also be documented with information about the seminar/class or an advertisement or notice should be attached. Invoice from restaurant or caterer does not include location of restaurant or information regarding cost of food/beverages purchased. If the invoice lacks the location of the restaurant, you should document the city and state of the restaurant on the invoice. If the invoice lacks information regarding the food/beverages purchased, you should request the information from the caterer/restaurant.

E. Other Exceptions to General Rule:

1. Alcoholic beverages served at special events (on or off campus): Requires SVP approval and signature of the SVP on the invoice submitted for payment or reimbursement. Approval should be obtained prior to the event. Business purpose of the event must be documented on the invoice.
2. Employee events (all employees) Food provided for employee events such as holiday meals or employee appreciation events is considered to have a minimal value per person if provided on an infrequent basis. A list of attendees is not required; however, the general purpose of the event or meeting should be noted on the receipt. These events are typically coordinated by a designated ACH Committee.
3. Business meetings (on or off campus) If meetings only have coffee/beverages and snacks, such as cookie or fruit trays, provided then the food is considered to have a minimal value per person if provided on an infrequent basis. A list of attendees is not required; however, the general purpose of the event or meeting should be noted on the receipt.
4. "Tables" at charity or other organization events the invoice or other documentation submitted for payment should identify the event. The invoice should be approved by a VP or above. A list of attendees is not required; however, the general purpose of the event or meeting should be noted on the receipt.
5. ACH Sponsored Camps (meals provided) If ACH provides meals at an ACH sponsored camp for the camp participants, the invoice should be supported

with a registration form, pamphlet or some other documentation regarding the camp. A list of individuals is not required.

6. Meals purchased from Aramark via eRequest: Departments should maintain the information noted in the General Rule above within their department for seven years to meet IRS record retention requirements. All exceptions to the General Rule noted above also apply.
7. Gifts / Incentives: Awards, prizes and bonuses given to employees are taxable income to the employee Unless it meets one of the following IRS exclusions:
 - i. The gift is for a length of service award and is tangible personal property. These gifts are processed through the ACH Human Resources department.
 - ii. The gift is considered a "de minimis benefit" in accordance with IRS regulations.
 - a. A de minimis benefit must be tangible, of low fair market value and given infrequently.
 - b. ACH has established a guideline of \$25 to be used to determine if a gift is considered de minimis.
 - c. Gifts for ACH employees and UAMS staff are typically coordinated through HR or a designated ACH Committee.
 - d. Gifts given for recognition or motivation by an individual department must be approved by the VP or above.
 - e. Cash and gift cards/certificates, which are considered cash equivalents by the IRS, may not be purchased with ACH funds and distributed to ACH employees.
 - f. Gift cards/certificates may only be given through the ACH Human Resources department for special hospital wide events and the employee who receives the gift card/certificate will be taxed through payroll with the amount included on their IRS Form W2.

VI. Exceptions

- A. Exceptions to reimbursement requirements as noted above (such as lost documentation, lack of detail on receipts or expenses that might appear unreasonable) will require the approval of the employee's Vice President or above and review of the ACH Director of Accounting.
- B. When an exception to policy is being approved, the approver must clearly indicate, in writing, that they are approving an exception.

VII. Accounting or Audit Review

- A. Expense reports may be reviewed in detail by Accounting or by Audit Services for compliance with this policy, which contains IRS guidelines and requirements.

REFERENCES

Regulatory Standards

- a. IRS Publication page references are for Publications for preparing 2006 returns.
- b. IRS Publication 463, Travel, Entertainment, Gift, and Car Expenses (p. 4)
- c. IRS Publication 463, Travel, Entertainment, Gift, and Car Expenses (p. 5, 32)
- d. IRS Publication 535, Business Expenses, Other Expenses (p. 40)
- e. IRS Publication 535, Business Expenses, Other Expenses (p. 40)
- f. IRS Publication 535, Business Expenses, Other Expenses (p. 40)
- g. IRS Publication 463, Travel, Entertainment, Gift, and Car Expenses (p.9)
- h. IRS Publication 463 Travel, Entertainment, Gift, and Car expenses (p. 15)
- i. IRS Publication 463 Travel, Entertainment, Gift, and Car expenses (p. 3 “Tax Home”)
- j. IRS Publication 463 Travel, Entertainment, Gift, and Car expenses (p. 14)
- k. IRS Publication 463, Travel, Entertainment, Gift, and Car Expenses (p. 26)
- l. IRS Publication 463, Travel, Entertainment, Gift, and Car Expenses (p. 26)
- m. IRS Publication 463, Travel, Entertainment, Gift, and Car Expenses (p. 26)
- n. IRS Publication 463, Travel, Entertainment, Gift, and Car Expenses (p. 4)
- o. IRS Publication 463, Travel, Entertainment, Gift, and Car Expenses (pp. 6-9)
- p. IRS Publication 463, Travel, Entertainment, Gift, and Car Expenses (p. 26)
- q. IRS Publication 463, Travel, Entertainment, Gift, and Car Expenses (p. 26-27)
- r. IRS Publication 15-B Employer’s Tax Guide to Fringe Benefits (p. 7) and IRS Publication 535 Business Expenses, Other Expenses (p. 6-7)
- s. IRS Publication 15-B Employer’s Tax Guide to Fringe Benefits (p. 7-8)

ENDNOTES

1. Keywords: reimburse, reimbursement, travel advance, work trip, business trip
2. Supersedes: 03/08