

Policy Name: Business Expense Policies

Updated: March 07, 2018

Effective Date: April 1, 2011

Office with Primary Responsibility: Controller's Office

Offices with Secondary Responsibility: Finance Centers

Policy Summary

These Business Expense Policies provide specific requirements for Dartmouth College travel and other business expenses. An allowable business expense is defined as necessary, reasonable, appropriate non-compensation expense incurred for a valid business purpose to fulfill the mission of Dartmouth College. The Business Expense polices also identify the documentation required to substantiate requests for expense reporting and reimbursement. These policies are necessary to ensure the proper use of Dartmouth resources and compliance with federal and other external regulations.

Reason for Policies

The purpose of these Business Expense Policies is to provide departments, supervisors, other employees, and non-employees with specific guidelines covering Dartmouth College travel and other business expenses. Because it is not possible to anticipate all of the situations that individuals may encounter in conducting Dartmouth business, these policies are designed to allow for some flexibility in addressing unique circumstances.

As a general guideline, it is expected that individuals will interpret these policies in a manner that keeps expenses to a minimum and fairly assigns the costs of business-related activities to Dartmouth. Accordingly, the primary responsibility for adherence to these policies rests with the individual as well as the department managers and supervisors who are authorizing and approving travel and other expenses.

Individuals should bear in mind that government agencies and other observers may perceive certain expenditures as being either excessive or inappropriate in the context of a regulatory audit, an IRS audit, or other similar review of Dartmouth activities. Thus, moderation and discretion should guide individuals' decisions to incur expenses on Dartmouth's behalf.

Table of Contents

Policy Summary	1
Reason for Policies	1
Table of Contents	2
Scope: Who should know these policies?	4
Allowable Business Expenses.....	4
Business Expense Payment Methods	4
Procure-to-Pay Guide	4
Procurement	4
Procurement Cards (P-Card)	5
Corporate Cards (Corp Pay Cards)	6
Business Expense Reporting and Reimbursement.....	6
Reporting of Expenses	6
Required Documentation (Receipts) for Expense Reporting and Reimbursement	6
Adequate Documentation of Expenses for Reimbursement.....	7
Business Expense Approvals	7
Cash Advances.....	8
Obtaining Cash Advances	8
Cash Advances and Non-Dartmouth Personnel	9
Cash Advance Settlements and Due Dates	9
Unsettled Cash Advances.....	9
Business Expense Categories.....	10
Air Travel.....	10
International Travel.....	10
Changes in Air Travel Schedule.....	10
Group Travel	11
Frequent Flyer Plans.....	11
Automobile, Parking, and Ground Transportation	11
Personal Vehicles	11
Public Transportation	12
Enterprise-Vox Rental Program.....	12
Domestic Rental Vehicles	12
International Rental Vehicles.....	12

Rail Travel	12
Lodging, Meals, and Entertainment	13
Lodging	13
Travel Meals and Incidental Expenses	13
Business Meals	14
Travel Business Meals.....	14
Non-Travel Business Meals	14
Employee Functions	14
Alcohol	14
Business Entertainment	15
Gratuities for Hosts	15
Miscellaneous Travel Expenses	15
Lost or Damaged Equipment.....	15
Telephone Calls.....	16
Professional Development	16
Conference Registration and Similar Fees	16
Temporary vs. Indefinite (Greater than 12 months) Travel	16
Personal Business Conducted Before, During or After Business Travel	16
Accompanying Spouses or Partners	17
Travel or Expenses Paid by Third Parties	17
Visitors, Recruiting, and Relocation Expenses	17
Visitors and Recruits	18
Relocation Expenses of Newly Hired Employees	18
Taxable and Non-taxable Employee Recruitment Expenses.....	18
Other Business Expenses	19
Memberships, Dues and Subscriptions.....	19
Mobile Communication Devices and Services.....	19
Gifts	19
Other Goods and Services	20
Non-Allowable Business Expenses.....	20
Exclusions / Exceptions to Policy	21
Related Information.....	21
Ramifications if policies are not followed	22
Organizational Responsibilities	22
Forms	22

Scope: Who should know these policies?

These policies affect all faculty, staff, students and non-Dartmouth guests and visitors incurring non-compensation business expenses or purchasing goods or services. It also affects every individual who reviews, approves or records non-compensation financial transactions on behalf of Dartmouth.

Allowable Business Expenses

These policies define an allowable business expense as a necessary, reasonable, appropriate non-compensation expense incurred for a valid business purpose to fulfill the mission of Dartmouth College. While such allowable expenses may be eligible for payment by Dartmouth College funds, other funding sources may have more restrictions. These policies provide criteria for determining an allowable or unallowable expense and provide lists of common expenses.

These policies also list documentation required to pay allowable business expenses. In general, this policy ensures appropriate use of Dartmouth funds in support of its mission, follows Generally Accepted Accounting Principles (GAAP) and complies with federal, state, and local rules/regulations.

In order to be paid directly by Dartmouth or reimbursed to an individual, a business expense must be:

- **Necessary** to perform a valid business purpose fulfilling the mission of Dartmouth; and
- **Reasonable** in that the expense is not extreme or excessive, and reflects a prudent decision to incur the expense; and
- **Appropriate** in that the expense is suitable and fitting in the context of the valid business purpose; and
- **Allowable** according to the terms of any federal regulation, sponsored contract, or Dartmouth policy.

Business Expense Payment Methods

Procure-to-Pay Guide

The Procure-to-Pay Guide is a resource for individuals to utilize before making a purchase of a good or service and is available at:

www.dartmouth.edu/~control/departments/procurement/procure_to_pay_guide/. The Guide is organized by category of purchase (e.g., Advertising, Computers, Equipment, etc.). In each of the categories, all efforts should be made to purchase goods and services using the “Buy/Pay” approach. Please note that the “Buy/Pay” approaches are listed in the preferred order.

Procurement

Procurement guidelines have been established to promote competitive bidding. Requestors should realize that these are minimum requirements and that bids should be solicited, whenever the goods or services can be purchased, from several different, responsible suppliers. Upon request, Procurement Services will assist departments in locating potential suppliers and obtaining pricing and product availability information for any dollar amount.

A list of contracted/preferred suppliers is available at:

www.dartmouth.edu/~control/departments/procurement/procure_to_pay_guide/. If the goods or services can be obtained from a contracted/preferred supplier, it is recommended that the requestor purchase from this source. Please see the "Preferred Vendor" column on the site.

- **Purchases up to and including \$9,999.99**
When purchases are less than or equal to \$9,999.99, requestors should make every effort to use preferred suppliers.
- **Purchases between \$10,000 - \$24,999.99**
Purchases equal to or over \$10,000.00 but not exceeding \$24,999.99 require at least three (3) quotations from suppliers if not utilizing a contracted/preferred supplier. All quotations must be written and attached to the requisition. If there are limited sources of supply or the low bid is found unacceptable because of some factual circumstance, the department head or principal investigator should write a clear, concise, and factual justification for not accepting the lowest bid. If the requestor is unable to identify three suppliers, Procurement Services should be contacted to assist in identifying additional suppliers.
- **Purchases equal to or over \$25,000**
Purchases equal to or over \$25,000 require the requestor to contact Procurement Services to conduct a more formal bid process. Procurement Services will work with the requestor to directly solicit bids and provide a tabulation of bids for the requestor's review and evaluation.

See the comprehensive Procurement Sole Source/Competitive Bid Policy at:
www.dartmouth.edu/~control/policies/procsourcesourcecompbid.html.

Procurement Cards (P-Card)

The Dartmouth Procurement Card (P-Card) Program is designed to improve efficiency in processing low dollar value purchases (\$2,499.00 or less). The Procurement Card is a Visa Card and can be used to make purchases for goods and some limited services (refer to procurement card policy) with any merchant who accepts the Visa Card when the merchant category of expense is not restricted. Restrictions include, for example, merchants whose primary business is sale of alcohol. Procurement Card transactions for non-restricted commodities cannot exceed the \$2,499.00 per transaction limit (including all delivery, shipping and/or special handling charges). Transactions exceeding the \$2,499.00 limit will require a Purchase Order. Pyramiding (splitting) transactions to avoid the single transaction limit is not permitted. Dartmouth policy and Visa/MasterCard regulations prohibit vendors from this practice.

Receipts are not required for items under \$75 purchased on a P-Card, with the following exception. Due to NCAA rules and regulations, all varsity coaches and non-coaching staff members with sports specific responsibilities in those varsity sports are required to submit receipts for all purchases and provide a descriptive business purpose, regardless of amount.

For P-Card purchases, the Purchaser must submit a business purpose and the appropriate chart string through eForms (OnBase) <https://www.dartmouth.edu/~fincenter/forms.html>, For purchases \$75.00 and over the receipt must be included. The only exception is for WB Mason where no submission is required if the purchase is for office supplies and the chart string is the default.

The Dartmouth P-Card should never be used for travel related items, except for a Dartmouth Coach bus ticket. No other bus services, cabs, etc. are allowed. The Dartmouth P-Card cannot be used for prohibited goods or services. Other restrictions are included in the P-Card policy.

The comprehensive Dartmouth College P-Card policy can be found at: www.dartmouth.edu/~control/policies/procurement-card-policy.html

Employees who repeatedly do not comply with the P-Card policy will have their P-Card privileges suspended or canceled.

Corporate Cards (Corp Pay Cards)

The Dartmouth Corporate Pay Card Program is designed to improve efficiency for travel and entertainment and other business-related purchases. The Corporate Card is a Visa Card and can be used to make purchases for travel, entertainment, and other business expenses with merchants who accepts the Visa Card. When used for non-travel business related purchases the per item purchase limit is \$2,499.00. Personal expenses are prohibited on the Corporate Card. Employees are responsible to reimburse the College for any personal purchases or expenses that are funded by another organization.

All purchases made using the Dartmouth Corporate Pay Card should be allocated and approved through the Oracle iExpense Expense Report module within 120 days of the expense date or from the return of an extended trip.

Business Expense Reporting and Reimbursement

- Dartmouth will only reimburse expenses incurred in connection with College business that are appropriately documented by the employee, student, or visitor.
- Reimbursement will be on the basis of actual and reasonable expenses incurred for necessary business expenses or approved per diem amounts.
- The basic policy governing the reporting and reimbursement of travel and business expenses is that an individual should neither gain nor lose funds in the course of traveling or conducting College business.
- Reported and reimbursable expenses must have a valid business purpose.

Reporting of Expenses

The primary responsibility for review and approval of expense reimbursements and compliance with all provisions of this policy rests with the individuals incurring expenses and supervisors who are authorizing the expenses. Business Expense Reimbursements are subject to audit by government agencies and other sponsors; therefore, thorough documentation and accounting for expenses (as defined in this section) is essential. Dartmouth must have all of the documentation required to substantiate payments made in accordance with this policy.

Requests for business expense reimbursement must be submitted within 120 days of the date of incurrence of an expense or the end of the travel. As noted in the cash advance section, if a cash advance was provided and the settlement is not completed within 120 days from the anticipated settlement date, the cash advance will be reported to the Payroll Office for appropriate reporting as taxable income and the appropriate taxes will be withheld from the employee.

Required Documentation (Receipts) for Expense Reporting and Reimbursement

Individuals are generally required to submit documentation of payment of business expenses. Documentation includes: receipts, canceled checks or bills marked paid by the vendor, etc. If any single business or travel expense is less than \$75.00, documentation is not required, with the following exceptions.

The following types of expenses require documentation regardless of amount:

- Business entertainment expenses require documentation including business purpose and participants (See Business Entertainment)
- Lodging expenses (See Lodging, Meals, and Entertainment)
- Costs associated with relocation and house hunting (See Relocation Expenses for Newly Hired Employees)
- Due to NCAA rules and regulations, all varsity coaches and non-coaching staff members with sports specific responsibilities in those varsity sports are required to submit receipts for all purchases and provide a descriptive business purpose, regardless of amount.

If, in rare cases, documentation is not available, a written explanation of why the documentation cannot be provided must be submitted with the Business Expense Reimbursement form.

Adequate Documentation of Expenses for Reimbursement

- Documentation ordinarily will be considered adequate if it shows the amount paid, date, name of vendor or payee and location, and essential character of the expense.
- For items under \$75.00 without documentation, individuals must still record the actual amounts of the charges and clearly itemize the expenses on the Business Expense Reimbursement form. In these cases, it is not appropriate to routinely round off amounts or to estimate expenses.
- In the case of airfare not charged directly to a departmental account through Dartmouth College's travel agent, individuals must submit evidence of purchase and payment (e.g., email receipt). Travel itineraries do not constitute adequate evidence for reimbursement purposes.
- For lodging reimbursement, Dartmouth requires an itemized hotel invoice or statement which reflects that payment has been made in full. An invoice or statement reflecting a "balance due" is not sufficient proof of payment. The "balance due" does not signify that payment was made on behalf of the individual, therefore, the individual will need to obtain an invoice that reflects that payment was made in full, or provide another form of proof of payment, prior to requesting any reimbursement.
- Any request for per diem reimbursement for visitors must be accompanied by documentation which adequately substantiates the time the visitor resided in the area and traveled to/from Hanover. This may include airline tickets, hotel bills, employment agreements, or other such documentation.

Business Expense Approvals

Business Expense Reports are certified by the employee and approved by his/her immediate supervisor or more senior officer in the department who has the authority to approve charges to the particular account(s).

An individual supervisor may delegate (in writing) his or her signature authority to another individual. No employee is authorized to approve his or her own, a peer's or a superior's Business Expense Report or charges to an account for which he/she is not authorized to approve expenditures. Area fiscal officers are authorized to approve Business Expense Reports charged to College accounts for which they have budget responsibility (except for their own expenses or those incurred by their immediate supervisor).

Employees certify by the submission of their expenses that those expenses are accurate, valid Dartmouth College business expenses, and have not and will not be reimbursed by another entity. If the reimbursement is compiled and submitted by someone other than the employee, the employee

is responsible for reviewing the completed report and notifying the appropriate finance center if there is an error in the submission.

Business Expense Reimbursement forms for non-employees must be approved by an employee who has knowledge of the expense and signature authority for the accounts to be charged.

Advances

Dartmouth recommends all employees who travel at least once a year obtain a Corporate Card for business travel expenses, and book airfare through the travel portal (www.dartmouth.edu/~control/travel/travelportal.htm) for direct payment by Dartmouth. The individual's Corporate Card can be entered into the travel system for those without Corporate Cards, expenses may be charged directly to a default chart string entered by the individual.

If deemed necessary Dartmouth will provide advances to faculty, staff, and students traveling on authorized business to cover incidental out-of-pocket costs.

- An advance may be requested and should be the minimum necessary to cover anticipated out-of-pocket expenses with a maximum daily limit of \$50.00 for domestic travel and \$75.00 for international travel. This limitation does not apply to student cash advances for non-travel expenditures or group travel.
- If requesting an advance, an explanation of what it will be used for should be included on the request form.
- Advances of any amount will only be granted if they bear the signature of an authorized approver or delegate that has been given the authority to approve such expenditures for the designated GL/PTAEO string on behalf of Dartmouth.
- Employees and Students requesting an advance will receive the advance through AP payment (check or direct deposit) unless cash is deemed necessary. Only up to \$500 can be obtained in cash.
- Cash advances will not be issued more than 10 business days before the trip or expected expense.
- Requests for advances in the form of an AP payment should be requested at least 10 business days in advance of need.
- Advances must never be used to cover personal expenses or any activity which is the sole responsibility of the employee or student. The Controller's Office may revoke an individual's privilege to obtain advances if it is determined that an employee or student has abused College policy.

Obtaining Advances

Advances are requested by completing an e-Form , which is available on the Finance Centers website at: <https://www.dartmouth.edu/~fincenter/forms.html>. Requests must have appropriate authorized approval for designated GL/PTAEO strings on behalf of Dartmouth, regardless of the request amount. Under no circumstances can the recipient of an advance approve his or her own advance request form.

Advances will be issued through AP payment (either check or direct deposit) unless cash is deemed necessary and will not be issued more than 10 business days before the trip or expected expense. Advances paid in cash are available for pickup Monday – Friday, between the hours of 9:00AM-12:00 PM and 1:00 PM -4:00PM from the Cashier's Office, located on the first floor of McNutt. Photo identification and a signature is required acknowledging receipt of the funds when picking up cash from the Cashier's Office.

Advances and Non-Dartmouth Personnel

Advances may be provided to visiting faculty or lecturers who will be reimbursed by Dartmouth for meal and lodging expenses incurred while in the Hanover area. The cash advance for the visitor must be in an employee's name, on behalf of the visiting faculty or lecturer, and needs to be approved by the authorized approver or delegate that has been given the authority to approve such expenses on specified GL/PTAEO strings.

Advance Settlements and Due Dates

Each advance is the personal obligation of the recipient receiving the funds until the expenses have been settled. The recipient of the funds is responsible for the proper record keeping of expenses incurred while conducting college business and for settling any unused funds owed back to the College. Advances must be accounted for through iExpense with required documentation. Due dates on advances are established at the time that the employee or student is issued the advance. The Cash Advance Form requires the recipient to declare when the trip, activity or event will have been completed. Advances should be settled within 120 days after returning from the trip, or completing the activity or event. Employees and students must immediately return the entirety of the cash advance to the Cashier's Office when a trip, activity or event has been canceled or has been postponed for more than ten business days.

iExpense reports with required itemized receipts must be properly authorized and submitted to the Finance Center for settlement of cash advances. Once the iExpense report is submitted, approved and processed, Dartmouth College will reimburse the individual for expenses which exceed cash advances. If cash advances are greater than the expenses incurred, the individual must return the remaining balance (by personal check made out to the Trustees of Dartmouth College or cash) to the Cashier's Office or Finance Center upon completion of the Business Expense Reimbursement form.

Cash advance settlements must provide adequate documentation to substantiate the business expenses covered by the advance, as required by the IRS to avoid the reporting of advance payments as taxable income to the employee or student.

Unsettled Cash Advances

Employees and students who have not settled their advances by the anticipated settlement date will be notified via an e-mail that the settlement is overdue. The first notice is sent 15 days after anticipated settlement date, the second is sent 30 days after the anticipated settlement date with a copy to Finance Center. A third notice is sent 45 days after the anticipated settlement date and with a copy to the approver.

If settlement of the cash advance isn't completed within 120 days from the anticipated settlement date, the employee or student and their Fiscal Officer will be notified that the cash advance is being reported to the Payroll Office for appropriate reporting as taxable income and the appropriate taxes will be withheld from the employee's paycheck. If the funds have been reported as taxable income to the employee or student, the cash advance needs to be recorded as a departmental expense by charging a GL/PTAEO string for the amount of the cash advance. Any future request for a cash advance by that employee or student will be denied by the Cashier's Office.

Business Expense Categories

Air Travel

Air travel is generally restricted to commercial airlines. The class of air travel chosen is expected to be the least costly consistent with a reasonable level of comfort and convenience for the traveler. Dartmouth's contract with Travel Leaders specifies that they will offer the lowest fare consistent with this guideline and available within one hour of the arrival and departure times requested by the traveler.

In some cases, premium fares may be an appropriate business expense, such as on overnight ("red-eye") flights exceeding five consecutive hours in duration, other flights exceeding seven hours consecutive flight time in duration, or specific circumstances which have been approved in advance by a Dean, Vice President, Provost, President, or Board of Trustees. When being charged to a PTAE0, premium fares must be permitted by the sponsoring agency.

Airfare booked through Travel Leaders can be charged directly to the individual's Corporate Pay Card or the default GL/PTAE0 string set up by the individual. If airfare is booked via a source other than Travel Leaders, the travel should be booked using the Corporate Pay Card. If an alternate method is used for purchasing airfare, Dartmouth will not reimburse the individual until after the trip has occurred. However, individuals can request a cash advance that will need to be settled after the trip is completed (see Cash Advance Section).

Under exceptional circumstances, if it becomes necessary to use air charter or air taxi services, the individual must obtain an approval from their Dean, Vice President, Provost, President, or Board of Trustees prior to the use of such services. Only corporate aircrafts of major recognized corporations should be used. The individual must also contact the Office of Risk Management and Internal Controls at (603) 646-2441 prior to the flight for insurance purposes.

International Travel

Most sponsored research funding agencies require that all international travel be on a U.S. flag carrier unless circumstances, such as lengthy holdovers, preclude using a U.S. flag carrier. In the event that there are no U.S. flag carriers going to the traveler's destination, the traveler must contact the Office of Sponsored Projects.

Arrangements for international travel supported by sponsoring agencies can be complex, requiring not only prior approval but detailed justification for each trip, as well as detailed trip reports. For specific information on sponsoring agency requirements, contact the Office of Sponsored Projects.

All policies pertaining to domestic travel apply to international travel as well.

Changes in Air Travel Schedule

All travel arrangements should be made well in advance, as airfare booked early can often be obtained at a lower rate. Before committing to a deeply discounted ticket carrying a substantial penalty for cancellation, individuals should make certain that they can adhere to the planned itinerary. Depending on the circumstances, the penalty for cancellation and the loss of the full value of the non-refundable ticket may or may not be reimbursed.

Group Travel

Group travel consisting of ten or more individuals with the same points of departure or destination is eligible for special rates through Travel Leaders. Any department requesting a price quote for group travel from an outside agency must also submit a travel bid form, at the same time, to Travel Leaders.

Frequent Flyer Plans

Travelers are allowed to personally retain the rewards for frequent flyer plans or other bonuses that may accrue from business travel. However, in no case may the individual choose a reservation at a higher cost in order to accumulate additional plan credits. Dartmouth will not purchase frequent flyer miles from individuals or reimburse them for tickets purchased with frequent flyer miles. Membership fees to join frequent flyer clubs are considered personal expenses.

Automobile, Parking, and Ground Transportation

If traveling by car from home to an airport at the start or end of a trip, the individual will be reimbursed for miles in excess of the individual's normal commute to their worksite from home. If travel to an airport from home is necessary on a non-workday, reimbursement will be made for the entire distance. Parking at the airport will be reimbursed, but individuals are urged to use long-term, lower-cost parking lots when available. If public transportation or a cab taken to and from the airport would result in a lower cost (due to the high cost of parking in most cities and airports), the individual is encouraged to take advantage of these savings.

Personal Vehicles

As a general rule, the use of personal vehicles for business is discouraged because no reimbursement will be made for the cost of repairs to the vehicle, regardless of whether the costs resulted from business travel or whether they resulted from acts of the traveler or another individual. Furthermore, it is the obligation of the owner of a personal vehicle being used for College business to carry adequate insurance for his or her protection and for the protection of any passengers.

When the use of a personal vehicle is necessary, reimbursement for its use will be at the mileage rate published by the Controller's Office, which is based on the IRS published mileage reimbursement rate. The mileage reimbursement rate can be found at:

<http://www.dartmouth.edu/~control/newsbulletins/controllers/mileagerate.html>

The mileage reimbursement rate includes the cost of using the vehicle, such as any car repairs, gas charges and any incremental cost for the owner's personal automobile insurance coverage, since it is the primary coverage in case of an accident.

According to IRS Publication 529 Miscellaneous Deductions, the cost of commuting between your residence and your regular place of business is nondeductible. If travel occurs on a day when the employee would not normally be commuting to work, then the total mileage can be reimbursed. A reduction for your standard commute mileage would only be done if the travel took place on a workday when the employee would normally be commuting to the standard work location.

Reimbursements may be requested for tolls and parking fees when using your personal vehicle for business travel. Dartmouth will not reimburse employees for parking tickets, fines for moving violations, vehicle towing charges or auto repairs and maintenance.

Public Transportation

Public transportation expenses include the cost of taxis, shuttles, airport vans (or car service), subways, buses, rail, and other modes of public transportation. Dartmouth will pay or reimburse the individual for these expenses (including a reasonable tip) while on College business when reasonable and properly documented.

Enterprise-Vox Rental Program

If travel by automobile is appropriate, individuals should determine whether a College VOX car provides the best option in terms of cost and convenience. For more information concerning availability, pricing, and reservations go to the Parking & Transportation Service's website: <http://www.dartmouth.edu/~fom/services/enterprise-vox/>.

Note: Individuals are NOT charged for gasoline usage, as this is included in the car rental fee.

Domestic Rental Vehicles

Dartmouth has established contracts with primary and secondary providers for all vehicle rentals for business. These contracts entitle participants to the providers' discount programs, reduced fees and other benefits. The individual's Corporate Pay Card should be used to ensure maximum insurance protection. For more information about preferred car providers please visit: <http://www.dartmouth.edu/~fom/services/enterprise-vox/>.

For business rentals not booked through the primary or secondary providers, Dartmouth's insurance will cover the individual as well as the vehicle when the vehicle is rented for business purposes; therefore, employees should not elect additional insurance coverage provided by the rental company. Dartmouth business travelers must use their Corporate Pay Card to receive free primary Collision Damage Waiver (CDW) insurance for the value of the rental vehicle. This reduces the College's expenditures for accidents and will prevent your department from potentially incurring expenses of up to \$2,000 for the deductible resulting from any at-fault accidents. Employees will not be reimbursed should they select the CDW insurance coverage. Non-employee travelers are not covered under Dartmouth's insurance and may be reimbursed for CDW insurance on rental vehicles used for business.

International Rental Vehicles

Rental vehicles for international travel should be obtained through Travel Leaders. Individuals should purchase rental Collision Damage Waiver (CDW) insurance and liability insurance when renting cars outside the United States. This is often referred to as a "full coverage" option.

Rail Travel

Coach accommodations should generally be used for trips shorter than seven hours on the train. Business class seats may be purchased if there is a business need (e.g., wireless internet access). First class (roomette) accommodations may be used for longer trips or overnight travel.

Lodging, Meals, and Entertainment

Lodging

Individuals should use standard accommodations in reasonably priced hotels. Since hotel reservations are typically guaranteed to assure lodging for late arrivals, individuals are required to cancel these reservations in a timely manner to prevent “no show” charges. Except under extenuating circumstances, Dartmouth will not pay expenses due to an individual’s failure to cancel guaranteed room reservations.

When requesting reimbursement for lodging, the itemized hotel receipt must be submitted with the Expense Report. Dartmouth requires an itemized hotel invoice or statement which reflects that payment has been made in full. An invoice or statement reflecting a “balance due” is not sufficient proof of payment. The “balance due” does not signify that payment was made on behalf of the traveler, therefore, the traveler will need to obtain an invoice or other documentation that reflects that payment was made in full, prior to requesting any reimbursement.

Travel Meals and Incidental Expenses

For U.S. travel meals and incidental expenses, Dartmouth allows use of a per diem or actual expense reimbursement. The domestic per diem rates can be found at:

GSA Per Diem Rates (<http://www.gsa.gov/perdiem>)

The meals and incidental per diem rate for international travel is based on the rates published by the U.S. Department of State for the time period the trip took place. The international per diem rates can be found at the following website: http://aoprals.state.gov/web920/per_diem.asp

For partial day travel or when a meal has been paid for by others, a deduction must be made from the per diem allowance. If you need to deduct a meal amount, first determine the location where you will be working while on official travel. You can look up the location-specific information at: <http://www.defensetravel.dod.mil/site/perdiemFiles.cfm>

The M&IE rate for your location will be deducted by the following percentages:

- Breakfast Deduction = 15%.
- Lunch Deduction = 25%.
- Dinner Deduction = 60%

When a per diem is not chosen, actual and reasonable costs will be reimbursed. This includes a reasonable tip of not more than 20%. Receipts for travel meal expenses of \$75.00 or more are required. For a given trip, a traveler needs to choose either per diem reimbursement or actual cost reimbursement. However, travelers who choose the per diem option but incur the cost of an entertainment meal may request reimbursement for the actual cost of the entertainment meal. The requestor must provide a receipt and information regarding the business purpose and participants for the entertainment meal, and adjust the per diem as described above.

Business Meals

Business meals are defined as meals taken with students, donors, colleagues, or individuals from companies during which specific business discussions or activities took place. Detailed, itemized receipts must be provided, along with the names of the other diners and the business purpose for hosting the meal.

Travel Business Meals

When the traveler is claiming reimbursement for meals purchased for non-Dartmouth personnel, these meals should be considered “Business Meals” rather than “Travel Meals,” and detail must be provided indicating the names of the other diners and the business purpose for hosting the meal.

Non-Travel Business Meals

In cases where College employees meet over a meal when they are not traveling, the cost of the meal can be considered reimbursable when the primary purpose of the meeting is to conduct business and there is a clear and compelling reason to meet over a meal. Generally, these requirements are met when it is not possible for one or more employees to meet during other working hours and the purpose of the meeting is to conduct business in accordance with a formal agenda. IRS regulations do not allow for the payment of meal charges incurred by employees who are not traveling away from home unless the above criteria are met and there is a clear benefit to Dartmouth.

It is permissible to incur expenses chargeable to Dartmouth 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 relation to the nature, duration and purpose of the meeting.

Employee Functions

Functions for employees are considered reimbursable business expenses when the expenditure is intended to serve as a token of appreciation that primarily promotes employee relations or that recognizes individual or group work-related achievements.

Functions such as parties to celebrate birthdays, marriages, births, etc. with purchased food or beverages are ordinarily paid for by the employees involved. If extenuating circumstances dictate, the Division head may approve the expense for such a function as an appropriate charge to a department GL/PTAEO string. The charge must be posted to the corresponding natural class for entertainment.

Alcohol

The federal government has mandated that no alcohol costs may be charged as either a direct or indirect expense of federally sponsored projects. This means that the cost of alcohol cannot be charged directly to a PTAEO string. The allowability of expenses for alcohol on non-federal grants depends upon the guidelines of the specific sponsor.

If alcohol charges conform to the guidelines outlined in the other policy sections, it may be an acceptable expense; however, it must always be charged separately to the appropriate natural class

for "Entertainment

- Federal unallowable alcohol." Some College divisions may choose not to cover the cost of alcohol.

While not encouraged, alcohol cost is reimbursable as a business expense when served at Dartmouth College functions primarily intended to promote donor, employee, or student relations. When alcohol has been deemed a legitimate business expense, it must be separately charged to the appropriate natural class.

Business Entertainment

Meals and functions that are partially social in nature are considered business entertainment if they are intended to provide hospitality to non-Dartmouth College individuals and, are deemed necessary and customary in furthering Dartmouth College's mission. Meals which include spouses or other individuals who are not directly involved in conducting College business are general indications that the occasion is entertainment rather than a business meal or meeting.

Examples of business entertainment include, but are not limited to:

- Receptions for Dartmouth guests, visitors and prospective applicants;
- Alumni reunions or similar alumni functions;
- Entertaining donors or prospective donors; and,
- Welcoming receptions for parents and students.

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

Because business 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 in the appropriate GL/PTAEO string so that they may be easily identified in the accounting records (and excluded from any calculation of direct or indirect sponsored research costs).

Gratuities for Hosts

Should a traveler decide to stay with colleagues, family, or friends in lieu of a hotel, the traveler may request reimbursement for gratuity expenses of a reasonable value offered to the host. These gratuities would be in place of meals and/or lodging for the accommodations provided by the host. An explanation of such items should be submitted with the Business Expense Reimbursement form.

Miscellaneous Travel Expenses

Lost or Damaged Equipment

Dartmouth's blanket all-risk property insurance provides coverage for all College-owned or leased equipment, with a replacement value in excess of \$1,000. The insurance coverage provides for loss or damage caused by any peril not otherwise insured, including theft, but not general wear-and-tear and gradual deterioration. All departmental equipment should be carefully secured when not in use or left unattended in public places when traveling. Computer equipment hardware and accessories

must be secured against theft. To report a loss, please contact Risk Management and Internal Controls at (603) 646-3839.

Telephone Calls

If business calls are made on a mobile device, please see the Mobile Communication Device and Services Policy at:

www.dartmouth.edu/~control/policies/mobilecommunicationdeviceandservicespolicy.html.

Professional Development

Expenses incurred in attending professional development programs may be allowable. Departments determine who may attend such programs at the College's expense. Departments should ensure that the content of the program is of a substantive nature which directly relates to the employee's current or anticipated job responsibilities.

Travel costs and fees associated with continuing education credits required to maintain a professional certification that is not directly related to the employee's current position are not allowable business expenses.

Conference Registration and Similar Fees

Conference registration fees, abstract fees, and other similar types of expenses that must be paid in advance of a professional development program should be paid by employee's P-Card or Corporate Pay Card, or a College check (via Request for Payment Form),.

In those rare instances when a direct College payment for these types of fees is not possible, employees may use their own funds for the conference registration (or similar expense) and be reimbursed in the following ways: (1) on a Business Expense Reimbursement form after the trip and/or conference has occurred, or (2) by a cash advance before the conference has occurred with subsequent settlement on a Business Expense Reimbursement form, presumably with other travel costs. In advance of the conference, there is not adequate documentation to treat the fee as a reimbursable business expense, because the event has not yet occurred.

Temporary vs. Indefinite (Greater than 12 months) Travel

If an individual's travel assignment is expected to last longer than 12 months or does in fact last longer than 12 months, expenses for meals and lodging cannot be considered non-taxable business expenses. Because of the long-term nature of the assignment, the IRS assumes that the traveler has moved his/her tax home to the new place of employment and treats the meals and lodging expenses as personal, requiring that any reimbursements be reported as additional compensation to the employee and subject to tax withholdings.

This is true for all expenses incurred from the point in time when it was known that the assignment would be more than 12 months, not just those incurred after the 12-month period. In these exceptional circumstances, the department should contact the Finance Center or Controller's Office well in advance of the temporary assignment for more specific information and instructions.

Personal Business Conducted Before, During or After Business Travel

Additional costs incurred for earlier departure or later return are not reimbursable since these are personal expenses unless the savings in airfare is equal to or greater than the total costs for lodging,

meals, etc., incurred during the additional day(s) of travel. All additional costs must be weighed against the savings in airfare, including the inherent cost of being out of the office for a longer period of time.

Expenses of a strictly personal nature, as well as any incremental travel costs incurred to conduct personal business during the course of a business trip, are the responsibility of the traveler. Incremental costs are otherwise reimbursable expenses which would not have been incurred on the business portion of the trip, except for the fact that the traveler conducted personal business at some time during the trip. Such incremental expenses must be identified and deducted from the Business Expense Reimbursement form.

Every effort should be made to avoid charging personal expenses to College accounts despite the intention of the traveler or a third party to later reimburse Dartmouth for these charges. Airline reservations for personal travel made through Travel Leaders should be charged to a personal credit card; they should not be directly billed to a GL/ PTAE0 string.

Accompanying Spouses or Partners

Expenses incurred for accompanying spouses or partners are considered personal in nature except on the infrequent occasion when the spouse or partner has a significant role at an event and it furthers the mission of the College. In these cases, the travel expense of the spouse or partner should be authorized in writing in advance by the appropriate officer: the Dean, Vice President, Provost, President, or Board of Trustees. This written approval must be submitted with the Business Expense Reimbursement form and must document the business purpose served by the spouse or partner's attendance at the meeting or function.

The tax law requires that amounts paid by an employer for spousal travel expenses are to be included in the employee's annual IRS Form W-2 as taxable income unless the spouse's presence on the trip serves a bona fide business purpose. The IRS has ruled that when a spouse attends a meeting or conference as a companion and has no significant role or performs only incidental duties of a clerical or secretarial nature, the attendance does NOT constitute a business purpose. Departments should consult the Controller's Office prior to making commitments to reimburse for spousal travel as the reimbursement may be taxable to the employee.

Travel or Expenses Paid by Third Parties

Employees who have non-College business affiliations may occasionally conduct business for both Dartmouth and their outside employer or sponsor during a trip. In these instances, the traveler must prorate all expenses associated with the trip that are reasonably allocable to each endeavor. Ordinarily, expenses which are allocable to non-College business should not be charged to department accounts even though the traveler or a third party intends to reimburse Dartmouth for these charges at a later date.

Visitors, Recruiting, and Relocation Expenses

Visitors and Recruits

When Dartmouth is covering the cost of travel, room and board, and other expenses of visitors and recruits (to be hereinafter referred to as visitors), Dartmouth travel and reimbursement policies apply to their expenses as well. Visitors, or departments, on the visitor's behalf, must adhere to the same reasonableness standards and submit required documentation supporting expenditures. It is

the responsibility of the sponsoring department to make visitors aware of College policies.

Reimbursement of the visitor's expenses will be made in the normal manner once a completed Business Expense Reimbursement form has been reviewed and approved. Dartmouth will reimburse the travel costs of students and non-employees (such as job applicants, lecturers, consultants and other individuals) when required by authorized contractual agreement or when approved in advance by a department head or senior officer. Reimbursement will be made in accordance with these policies.

If rent for housing a visitor is to be paid directly to a landlord or property owner, departments should prepare and submit a Miscellaneous Income Payment Voucher payable to the landlord using the proper natural class for rent along with the payee's social security number for tax reporting purposes.

If necessary, visitors may request cash advances for expenses which will be reimbursed by the College, however, cash advances must be recorded in the name of an employee, since the employee is ultimately responsible for the settlement of the cash advance. Any problems with payment or reimbursement of expenses for visitors should be discussed with the Finance Center to ensure the proper handling of expenditures.

Relocation Expenses of Newly Hired Employees

Departments may, in hiring new employees, agree to pay all or a portion of the cost of relocating individuals and their families to the Upper Valley area. The level of reimbursement is based upon the agreement between the employee and the hiring department. New hires should refer to the Procure-to-Pay Guide for contact information related to College-approved contracted moving suppliers. http://www.dartmouth.edu/~control/departments/procurement/procure_to_pay_guide/

Recently hired employees moving to the Upper Valley area may be reimbursed for the transporting of their personal vehicle(s) to their new home. All relocation costs should be charged to the appropriate GL/PTAEO string, including the relocation/moving natural class, regardless of whether the expenses are paid directly by submitting invoices for payment or paid to employees as reimbursement for their out-of-pocket expenses. Documentation is required for all costs associated with relocation and house hunting.

As of January 1, 2018 relocation expenses paid directly by Dartmouth on behalf of an employee or reimbursed to the employee must be treated as additional compensation and is subject to both income and employment tax withholding. Expenses paid directly by Dartmouth will result in imputed income being added to an employee's paycheck with required taxes withheld, and reported on the employee's IRS W-2 Form. Expenses that are paid directly by the employee will be reimbursed through payroll with required taxes withheld.

Taxable and Non-taxable Employee Recruitment Expenses

Before an offer is accepted:

Payment of authorized recruitment travel expenses (such as airfare, lodging, and meals) incurred during the employee recruitment process is not taxable to the prospective employee.

After an offer is accepted:

After an offer of employment has been accepted, the employee/employer relationship is established and pre-move house hunting expenses (such as airfare, lodging, and meals) incurred by the

employee and family are considered taxable income (if reimbursed).

Newly hired employees or supervisors of the employee should visit Procurement's website <http://www.dartmouth.edu/~control/policies/relocationpolicy.html> or call (603) 646-2811 for further assistance.

Other Business Expenses

Memberships, Dues and Subscriptions

Fees for individual memberships in business associations, as well as fees for magazine, newspaper, or newsletter subscriptions, may be allowable. Approvers or delegates will decide whether these costs will be covered. Individual membership in professional associations or other costs incurred to maintain professional certifications or licenses that are directly related to the employee's current position and have a clear business benefit to Dartmouth are allowable.

The cost of memberships in athletic clubs, faculty clubs, social clubs, fraternal orders, buying clubs, 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 and the primary purpose of the membership is to benefit the College. In these special instances, they must be charged to the appropriate natural class and have been pre-approved by a Dean, Vice-President, Provost, President, or Board of Trustees. The Controller must be notified when memberships are approved to ensure appropriate tax reporting and documentation.

Mobile Communication Devices and Services

The Mobile Communication Device and Services Policy is intended to guide individuals and entities within Dartmouth to consistent, clear and fair decisions about and management of devices and plans. In so doing, the policy is expected to support individual and entity effectiveness and productivity at least total cost to Dartmouth. The policy can be found at: www.dartmouth.edu/~control/policies/mobilecommunicationdeviceandservicespolicy.html.

Gifts to Employees

Modest gifts upon the death or serious illness of an employee or family member are allowed and can be charged to a department GL string. Other gifts or bonuses to employees are not usually allowed except when made pursuant to a recognized College-wide policy or practice; for example, service awards for employees or tokens of appreciation upon retirement. It is not appropriate to spend any College funds in recognition of employees for non-work-related achievement or events such as weddings, baby showers, birthdays, housewarming, etc.

Gifts paid for by College funds and received by employees or students are taxable and must be reported as income if their value exceeds the following dollar thresholds:

- Gift cards or certificates greater than or equal to \$50.00
- Gifts of tangible personal property greater than or equal to \$50.00
- Gifts of tangible personal property greater than \$400.00 to a long-service or retiring employee

Regardless of expenditure amount, documentation for all gifts/gift cards purchased must include

a detailed receipt, specific business purpose and recipient name(s).

The authorizing department must contact the Payroll Office for reporting requirements for this type of reportable income for employees. The employee's annual IRS W-2 Form will reflect the taxable income for that calendar year. Gifts to students must be reported to Accounts Payable for reporting on a 1099.

Gifts to Non-Employees

Gifts for non-employees may be paid for with College funds when there is a legitimate business purpose. Regardless of expenditure amount, documentation for all gifts/gift cards purchased must include a detailed receipt, specific business purpose and recipient name(s).

If the total gift(s) are over \$600 or more in a year, then the recipients address and social security number are also required. The authorizing department must contact the Accounts Payable Office for reporting requirements for this type of reportable income for non-employees. Gifts to non-employees must be reported to Accounts Payable for reporting on a 1099.

Other Goods and Services

For all other categories, refer to the Procure-to-Pay guide at:

www.dartmouth.edu/~control/departments/procurement/procure_to_pay_guide/ for preferred vendor information and appropriate procurement or payment mechanisms. If a category is not listed, please contact Procurement Services for more information.

Non-Allowable Business Expenses

Dartmouth will not pay for expenses which are inherently personal in nature. The following is a sample list of personal expenses which are generally not eligible as business expenses:

- **Travel Related:**
 - Airline travel insurance costs
 - Amenities such as movies or video rentals, in-room bars, massages, or saunas, with the exception of hotel/motel fitness center fees, which are allowable during travel
 - Upgraded hotel or motel accommodations such as suites, in-room Jacuzzi, etc.
 - Charges from unwarranted failure to cancel hotel reservations or airline tickets
 - Lodging cancellation fees
 - Collision Damage Waiver Insurance on domestic vehicle rentals for employee travel
 - Premium and luxury car rentals
 - Frequent flyer credits or tickets
 - Incremental airline ticket costs to obtain frequent flyer benefits
 - Incremental costs for first or business class airline tickets, except for (1) overnight ("red-eye") flights exceeding five hours in duration, (2) other flights exceeding seven hours of continuous air time in duration or (3) special circumstances which have been approved in advance by a Dean, Vice President, Provost, President, or Board of Trustees. All of these must be permitted by the sponsoring agency when being charged to a PTAEO.
 - Non-Dartmouth activities or personal time off taken before, during or after a business trip
 - TSA pre-check traveler programs unless approved in advance
 - Clearme traveler program unless approved in advance
 - Electronic toll transponders (E-Z Pass)

- **Meal Related:**
 - Non-travel employee meals
 - Alcoholic beverages consumed between or after mealtimes
 - Excessive costs affiliated with business-related alcohol expenses
 - Excessive costs affiliated with a business meal

- **Other:**
 - Child care, baby-sitting or house-sitting costs
 - Continuing Education costs for maintaining a professional certification that is not directly related to the employee's current position
 - Credit card interest or delinquency fees
 - Fees for boarding pets or other animal care
 - Fees for personal credit cards
 - Fines for parking violations or towing charges
 - Grooming expenses such as haircuts and toiletries
 - Loss of cash advances, airline tickets or personal funds or property
 - Magazines, books or other personal reading material
 - Membership dues in airline clubs, athletic clubs, faculty clubs, frequent flyer clubs, social clubs, buying clubs, fraternal orders, or other similar
 - Personal clothing or accessories
 - Personal recreation or entertainment such as greens fees, sightseeing fares, theater tickets, ski lift tickets, and theme park passes, etc.
 - Personal services such as but not limited to housekeeping, tax services, etc.
 - Prescriptions, over-the-counter medication or other medical expenses
 - Professional certification that is not directly related to the employee's current position
 - Gifts, flowers, decorations, food or beverages in recognition or celebration of non-work-related achievement or events (e.g., weddings, baby showers, birthdays, housewarming).
 - Political contributions of any type
 - Payments disallowed by the Foreign Corrupt Practices Act (payment to foreign government officials – <https://www.justice.gov/criminal-fraud/foreign-corrupt-practices-act>)

Exclusions / Exceptions to Policy

See exclusions and exceptions within this Policy. Other exceptions may be granted by the Controller, Chief Financial Officer, Executive Vice President, Provost, President, or Board of Trustees.

Payments approved as exceptions to this policy may have tax implications to the recipient. A request to gross up the payment for tax implications must also be approved by the individuals authorized to approve the payment exception.

Related Information

- IRS Publication 463: Travel, Entertainment, Gift and Car Expenses: www.irs.gov/pub/irs-pdf/p463.pdf
- IRS Publication 521: Moving Expenses found on: www.irs.gov/pub/irs-pdf/p521.pdf
- Mileage reimbursement rates: <http://www.dartmouth.edu/~control/newsbulletins/controllers/mileage.html>

- Parking & Transportation Service's website:
- Controller's Office website: <http://www.dartmouth.edu/~control/>
- Procurement Office website: <http://www.dartmouth.edu/~fom/services/enterprise-vox/>
<http://www.dartmouth.edu/~control/departments/procurement/index.html>
- International travel per diem rates: http://aoprals.state.gov/web920/per_diem.asp

Ramifications if policies are not followed

Dartmouth could be cited by the IRS for having an “unaccountable plan” if reimbursements are made to individuals that do not adhere to these policies. Any reimbursements made to an employee, student or visitor under a non-accountable plan would then have to be reported as additional compensation on an individual's IRS Form W-2, 1042s or 1099. Employees, students, and visitors would then report this as taxable income on their annual IRS tax filing.

A College employee's failure to adhere to these policies may result in appropriate disciplinary action.

Organizational Responsibilities

- The Payee/Traveler and their delegates are responsible for complying with Dartmouth College policies and procedures, providing complete and accurate information, submitting required receipts, and submitting expense reports within 120 days. Travelers/Payees are responsible for reviewing reports prepared by delegates for accuracy and reimbursing Dartmouth for unused cash advances or personal expenses charged to the Corporate Pay Card and.
- The primary responsibility for interpretation of these policies rests with the departments and supervisors who are authorizing and approving direct expenditure of institutional funds.
- Individuals whose expenses are funded by a sponsored grant or contract should check in advance of incurring the expense with the Office of Sponsored Projects to ensure that all agency procedures and restrictions are followed.
- For expense reports compiled by a Finance Center, the Finance Center will routinely review documents for accuracy and proper documentation. Depending on the dollar amount of the reimbursement, this review includes verification of: (a) proper supporting documentation, (b) accuracy of addition and mileage calculations, (c) authorizing signature, and (d) GL/PTAEO string. In the course of the review, the Finance Center may request approval from senior administrative officers when claimed reimbursements appear unreasonable or do not comply with policy.
- ****AUDIT**** A sample of Business Expense Reimbursement forms will be selected for pre-processing quality control review. The reviews will include verification of (a) proper supporting documentation (b) appropriate approval, and (c) compliance with these policies. In the course of the review, the Controller's Office or the Finance Centers may request approval from senior administrative officers when expenses appear unreasonable or do not comply with policy.

Forms

Most relevant forms and instructions can be found on the Controller's website:
www.dartmouth.edu/~control/forms/index.html.