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STATE OF VERMONT  
AGENCY OF ADMINISTRATION

BULLETIN No. 3.4

EMPLOYEE TRAVEL AND EXPENSE POLICY

Issued By: Jeb Spaulding, Secretary of Administration

Effective Date: July 1, 2014

Issue Date: June 2014

Supersedes: Bulletin 3.4: Employee Travel and Expense Policy, dated  
May 13, 2013

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# INTRODUCTION

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## 1. Policy Statement

The State of Vermont intends to ensure fair and equitable reimbursement of employee travel and expenses while promoting economy and efficiency in State government and compliance with applicable laws, collective bargaining agreements and regulations. All travel and expenses (T&E) of State employees must have been properly authorized, actually incurred, necessary to achieving the goals or fulfilling the responsibility of the department, appropriately documented, approved by an appropriate person, and conducted in an economical and prudent manner.

## 2. Objectives

- Ensure all employee travel and expenses incurred while conducting business for the State of Vermont are necessary, appropriate, and add value to the State;
- Effective and efficient management of employee travel and expenses;
- Control costs;
- Compliance with applicable laws and regulations; and
- Prevent fraud, waste and abuse.

## 3. Overview

The purpose of this document is to provide departments and employees with specific guidelines regarding travel and expenses incurred by employees in the conduct of official State business. The authority to assign activities that result in travel and expense claims resides with each department head and it is the responsibility of managers and supervisors within the reimbursing department to ensure only those expenses consistent with this policy are authorized, approved, and paid or reimbursed.

Departments are required to follow all requirements outlined in this policy, and may impose more restrictive procedures for additional administrative control or budgetary reasons, provided they do not conflict with collective bargaining agreements, this bulletin or other legal requirements. Departments may not adopt mileage or meal reimbursement rates that are different than the established rates.

The Commissioner of the Department of Finance and Management has responsibility for the interpretation and application of this policy. The Secretary of Administration has the final decision in any dispute or question arising from travel or expense reimbursement at State expense. The Secretary of Administration may authorize in advance deviations, still necessarily consistent with negotiated agreements and statutes, from these regulations when such action is deemed in the best interest of the State. If inconsistencies arise, IRS regulations, Vermont statutes and/or collective bargaining agreements shall all prevail over this policy.

## 4. Applicability

This policy applies to all classified, exempt, appointed, elected and temporary employees within the Executive Branch of the State of Vermont. More specifically, this policy is for:

- Employees who incur travel and expenses in the conduct of official State business;
- Supervisors, managers and administrators responsible for authorizing and/or approving the official State business travel and expense payments of other employees;
- Employees who make official State business travel arrangements and/or prepare travel authorizations, cash advances or expense reports on behalf of other employees.

This policy applies to all employee related travel and expenses whether reimbursed to the employee, direct paid to a vendor, charged to the State purchasing card (P-Card) or paid/reimbursed by a third-party.

## 5. Definitions

**Appropriate Person** – An employee who has the job duty, responsibility or authority to perform the specified action; there may be more than one *appropriate person*.

**Cash Advance** – Authorized payment to an employee for estimated travel expenses that will be incurred for a scheduled, future trip with an approved travel authorization.

**Collective Bargaining Agreements** – Written, legally enforceable labor contracts between the State of Vermont (employer) and the duly certified bargaining representative(s) of its employees.

**Department** – Agency, department, office, board, commission or other administrative unit of Vermont State government.

**Department Head** – Elected officials, agency secretaries, department commissioners or heads of branches, divisions, boards and commissions not reporting to an agency secretary or department commissioner.

**Employee** – Any elected, appointed, classified or non-classified employee of Vermont State government.

**Expense Delegate** – Employee authorized to enter (but not 'submit') *travel authorizations, cash advances* and *expense reports* in the VISION Expenses module on behalf of another employee.

**Expense Report** – Employee submitted document used to record and request reimbursement for travel and expenses incurred while on official business.

**P-Card** – Credit card administered by the Department of Buildings & General Services' Office of Purchasing & Contracting that allows authorized users an efficient and effective method for purchasing *allowable* business expenses; if authorized for travel expenses, P-Cards may be used to pay for airfare, lodging, vehicle rentals, ground transportation, registration fees, etc. (note: meals are not an allowable P-Card expense). For a complete listing of allowable expenses refer to the Cardholder User Guide available on-line at: <http://www.bgs.vermont.gov/purchasing-contracting/pcard>.

**Reasonable Expense** – Prudent effort to make the most economical use of State resources by considering cost, time and a reasonable level of security and convenience for the employee.

**Receipts** – Detailed and itemized bills or invoices, proofs of payment and other documentation to substantiate the validity of the claim and reimbursement amount.

**Reimbursement** – Payment of appropriated State funds (*regardless of funding source*) by a department to an employee for authorized and approved travel and expense claims submitted by the employee.

**Travel Authorization** – Formal process used to secure approval, prior to departure, for all out-of-state travel requiring an overnight stay.

**Travel and Expense (T&E)** – Travel expenses and other business expenses incurred by employees in the conduct of official business.

**VISION** – Vermont State government's enterprise financial management and accounting system.

**VISION Expenses Module** – VISION module used exclusively for processing all employee travel and expense reimbursements, including **travel authorizations**, **cash advances** and **expense reports**.

## GENERAL PROVISIONS

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### 6. IRS Requirements

The State of Vermont must comply with the Internal Revenue Service (IRS) Accountable Plan rules; very generally, IRS rules require:

- i. There must be a business reason for the expense and the expense must be reasonable and necessary.
- ii. The employee must substantiate and report the expense within a reasonable period of time.
- iii. The employee must return any amount advanced in excess of the substantiated expenses within a reasonable period of time.

Any travel and/or expense claim that fails to meet IRS Accountable Plan rules must be treated as income and reported as taxable income to the employee, subject to withholding of employment taxes.

### 7. Reimbursable Expenses

The State of Vermont reimburses employees for actual, reasonable and necessary travel and expenses incurred in the conduct of official State business, subject to any limits set forth in statute, collective bargaining agreements or this policy. Employee expense reports are public records subject to public review on request. Economy, prudence and necessity are of primary concern when planning and paying for travel and expenses. Beyond assuming a reasonable level of safety and convenience for the employee, every effort should be made to keep travel and expenses to a minimum; the use of State funds for purchases that are inherently personal in nature or to accommodate personal comfort and taste is not permitted. This does not restrict or prohibit the lawful and necessary travel expenses

of qualified employees for “reasonable accommodations” pursuant to the Americans with Disabilities Act (ADA).

Purchases should always be made using standard State purchasing procedures and payment methods (e.g., P-Card, direct vendor payments, statewide contracts & purchase orders, blanket delegations of authority (BDA)). Departments are encouraged to provide P-Cards to employees who travel frequently and incur expenses beyond mileage and meal reimbursements. Furthermore, departments are expected to take responsible steps to minimize the need for employee travel and reduce travel expenses whenever possible.

Payment to an employee for any type of wages, compensation, cash or cash equivalent bonuses, services rendered, etc. are **not expense reimbursements** and must **not** be processed through the VISION Expenses module. Also, certain allowances (e.g., office, clothing) provided for eligible employees under collective bargaining agreements will be claimed and paid through the Payroll process, not the Expenses module. Furthermore, departments that administer grant and benefit programs, *where a recipient may also be a State employee*, shall continue to process these types of payments through the VISION Accounts Payable module.

The reimbursement of travel and expenses for **employees** must be processed through the VISION Expenses module. The reimbursement of travel and expenses for **non-employees** such as board members, contractors, volunteers, job applicants (*that are not State employees*), etc. must be processed through the VISION Accounts Payable module.

## 8. Reimbursement Process Overview

Employees must submit an Expense Report in the VISION Expenses module to request reimbursement for official travel and expenses. In preparing an Expense Report, employees are required to select a specific **business purpose** (pre-defined list) that reflects the *reason* reimbursable expenses were incurred; travel & expenses incurred for **different business purposes** shall not be co-mingled on the same Expense Report. All expense reimbursements must be charged against an appropriation of the department for which the employee is regularly employed. The primary types of reimbursements processed through the Expenses module are employee travel, non-travel business expenses (supplies, tools, postage, etc.), and eligible reimbursements for moving expenses, interview expenses, tuition expenses and administrative claims (re: Title 32 V.S.A. §932a). Departments must process all T&E eligible claims through the VISION Expenses module, not the VISION Accounts Payable module.

Employees with limited computer access (or other valid reasons) may be assigned an **expense delegate** to enter information on the employee’s behalf. After the employee has submitted the Expense Report, including all required documentation, it must be reviewed and approved by an appropriate person(s) within the employee’s department. Expense reports that are approved and budget-checked are passed from the VISION Expenses module to the VISION Accounts Payable module for payment processing each business day. The method of reimbursement (i.e., direct deposit or check) will be the same as used for payment of the employee’s payroll wages; for employees receiving direct deposit, expense reimbursements will be deposited into the same account as their *net* pay.

Departments must maintain adequate internal controls over the reimbursement process to ensure travel and expense claims are appropriate. These controls shall include but are not limited to ensuring T&E claims meet/have all of the following criteria:

- properly authorized in advance (as required);
- actually incurred, reasonable and necessary;
- not been previously reimbursed or paid;
- have a valid business purpose;
- appropriately documented;
- certified (i.e., submitted) by the requesting employee (delegates are not authorized to 'submit' transactions on behalf of another employee);
- approved by an appropriate person(s);
- charged against a valid and available appropriation of the employee's department; and
- compliant with this policy, applicable laws and regulations, and collective bargaining agreements.

## 9. Timeliness of Claims

To ensure proper and timely accounting of State funds, all employees are expected to submit their Expense Reports within **twenty (20) calendar days** after completion of the travel event or the incurrence of a business expense, but no less frequently than on a monthly basis.

When unable to meet the above timeline, employees should make every effort to submit their claims for expense reimbursement within sixty (60) calendar days of the date on which the expenses were incurred. T&E claims submitted after the 60-day threshold will be deemed **late** and processed under the following conditions and requirements:

- The employee must complete and submit with their expense report an **Explanation of Late Filing** form.
- To comply with IRS rules, the claim will be considered **taxable income**; the IRS has concluded that expenses claimed more than 60 calendar days after the expense was paid or incurred do not meet IRS Accountable Plan criteria for a "*reasonable period of time*".
  - In **very limited situations**, a 'reasonable exception' may be approved by the Commissioner of Finance & Management.
- The employee, or expense delegate, must report the expense(s) as **taxable** on the expense report.
- For determining taxability, an expense report is considered submitted based on the date the employee submits it for approval in the VISION Expenses module.
- In a subsequent payperiod, the taxable portion of the expense reimbursement will be processed by the VTHR Payroll Division as additional earnings on the employee's payroll record (*and W-2 form*). Employment taxes will be withheld from the employee's wages resulting in a reduction of the amount paid to the employee and a *cost* to the department.



## 10. Travel Authorization

The purpose of a travel authorization is to provide prior approval for an employee to travel at State expense. Travel authorizations must be executed prior to departure and are used to identify the dates and locations of travel, the business purpose of the trip, estimated expenses and financial information for budgetary purposes.

Employees required to travel overnight for their job must receive prior authorization from the proper official before the trip. Department heads are expected to document and communicate to their employees which persons/positions within their respective department(s) may authorize travel, including any limitations to that authority, and any additional conditions beyond the minimum requirements set forth below:

Destination - with overnight stay	Traveler is...	Travel Authorized by...	Approval Method* <i>-see below</i>	
			Cash Advance = YES	Cash Advance = NO
<b>In-State</b>	Any Employee	Department Head or designee	[1]	[3]
<b>Out-of-State</b> <i>-see Definition below</i>	Any Employee except Department Head	Department Head or designee	[1]	[2]
<b>Out-of-State</b>	Department Head within an Agency	Agency Secretary	[1]	[2]
<b>Out-of-State</b>	Independent Department Head <i>-see Definition below</i>	Office of the Secretary of Administration	[1]	[1]
<b>Out-of-State</b>	Agency Secretary	Office of the Secretary of Administration	[1]	[1]
<b>Out-of-Country</b> <i>-see Definition below</i>	Any Employee except Dept Head	Department Head or designee <u>and</u> Office of the Secretary of Administration	[1] and [2]	[2]
<b>Out-of-Country</b>	Department Head within an Agency	Agency Secretary <u>and</u> Office of the Secretary of Administration	[1] and [2]	[2]
<b>Out-of-Country</b>	Independent Department Head	Office of the Secretary of Administration	[1]	[1]
<b>Out-of-Country</b>	Agency Secretary	Office of the Secretary of Administration	[1]	[1]

\* **Approval Method** (minimum requirement)

[1] On-line **Travel Authorization** process within the VISION Expenses module.

[2] Official **Employee Travel Authorization Form** (paper-based) or department authorized substitute form *provided it includes, at a minimum, the data elements of the official form*

[3] Informal...verbal, e-mail, etc.

## **Definitions**

**Out-of-State:** Overnight travel outside the State of Vermont to any of the 48 contiguous United States or Washington, DC.

**Out-of-Country:** Overnight travel to any destination other than the 48 contiguous United States or Washington, DC.

**Independent Department Head:** Heads of departments that are not part of an Agency, or heads of branches, divisions, boards, or commissions not reporting to an Agency Secretary or Department Commissioner.

### **General Information:**

- An approved on-line Travel Authorization is required for all cash advance requests.
- Travel authorizations are not required for department heads who are **elected statewide officials**, unless a cash advance is requested.
- Travel authorizations should reflect the total estimated cost of the trip including expenses that will be charged (*and so indicated*) to the P-Card, directly paid by the employee's department or paid/reimbursed by a third-party.
  - When applicable the supplemental form, "**Authorization of Employee Expenses to be Paid by a Third-Party Organization**" must be completed and included with the Travel Authorization (refer to the "Third-Party Payments/Reimbursements" section of this policy).
- A travel authorization is required for all overnight out-of-state/country travel even when there is expected to be no direct cost to the State (e.g., third-party payment).
- An employee should not be permitted to authorize their own travel or that of their immediate supervisor; in very small departments where this may not be feasible, other compensatory controls shall be taken.
- All travel authorizations completed within the VISION Expenses module will create an encumbrance of funds against an appropriation of the employee's department.
- Approved travel authorizations must be retained as supporting documentation for any associated payments (e.g., direct vendor payments, P-Card) and/or employee expense reports.

## **11. Cash Advances**

The purpose of a travel cash advance is to minimize out-of-pocket expenses and the financial burden on employees while traveling on behalf of the State (32 V.S.A. §466). Departments are expected to minimize the number and amount of cash advances through utilization of the P-Card and direct vendor payments, especially for airfare, lodging and conference registrations. All travel cash advances shall be administered in accordance with the following:

- The employee must have an approved travel authorization in the VISION Expenses module; cash advances are only allowed for travel requiring an overnight stay.
- A Cash Advance request must be submitted in the VISION Expenses module by the employee and approved by an appropriate person(s).

- Department heads are responsible for designating which positions in their department have authority to approve cash advances.
- The amount of the advance shall be directly related to, and must not exceed, the estimated cost of travel as outlined on the approved travel authorization; the minimum advance amount is \$200.
- Expenses directly paid (*or to be paid*) by the department, including the P-Card, must be excluded from the requested advance amount.
- Cash advances will be booked as a receivable against the employee's default funding; the department is responsible for monitoring, managing and reconciling these receivables to ensure outstanding cash advances are recouped on a timely basis.
- Funds advanced shall only be used by the employee for reimbursable expenses related to authorized State travel.
- An approved cash advance may be issued no sooner than thirty (30) days prior to the trip start date; this provision does not obligate the State to issue a cash advance 30 days prior to the trip.
- Cash advances will be paid to the employee in the same manner (direct deposit or check) that wages are paid. For employees receiving direct deposit of wages, the cash advance will be deposited into the same account as their *net* pay; for employees paid by check, the cash advance will be mailed to the employee via the U.S Postal Service.
- Employees are fully responsible for funds advanced to them and shall account for the funds through timely submission of an expense report in accordance with this policy.
- When the actual travel expenses reported on the expense report are less than the amount of the cash advance, the employee shall reimburse the department for the difference; this reimbursement shall be made at the same time the employee's expense report is submitted.
  - Any advance in excess of actual expenses that is not re-paid within 120 days after the expenses were paid or incurred will be treated as taxable income to the employee and department (re: employer share of payroll taxes) in accordance with IRS Accountable Plan rules, and, the employee remains responsible for repayment of the entire outstanding amount. Repayment by the employee after the 120 day period does not reverse the tax liability.
- Departments shall establish procedures to verify whether terminating or transferring employees have outstanding cash advances and recoup those funds accordingly. If an employee defaults on repayment of an outstanding cash advance, the advance shall be repaid from an appropriation of the employee's department; the department may pursue all available means to recover the funds from the employee.
- Employees are liable for any advanced funds that are lost or stolen.
- Cash advances for in-state travel are generally not allowed; however, a department head may authorize a cash advance for extended in-state travel requiring overnight lodging subject to the above conditions and requirements.

## 12. Reimbursement of Taxes

Purchases made by and directly paid by Vermont State Government are exempt from Vermont's sales & use, meals & rooms, and local option taxes. This tax exemption provides a financial incentive for departments to use standard State purchasing procedures and payments whenever possible. However, when an employee makes an authorized purchase with personal funds, the sale is taxable even if the purchase is for official State business and the employee will be reimbursed for the expense. Therefore, taxes paid or incurred by employees for authorized travel and expenses are an allowable cost, eligible for reimbursement on the employee's expense report.

**Note:** The maximum reimbursement rate for meals is inclusive of all taxes.

## 13. Documentation

The primary responsibility for expense documentation resides with the employee requesting reimbursement and the supervisors and administrators who are authorizing and approving these expenses. As employee travel and expenses are subject to audit by federal agencies, internal and external auditors, and others, thorough documentation (i.e., *who, what, when, where, why and how much*) and accounting is required.

- All employees requesting reimbursement of travel and expenses are required to provide original, itemized receipts and proofs of payment to substantiate their expenses.
- Credit card statements alone are not sufficient documentation due to lack of itemization.
- Documentation must include all required travel authorizations and pre-authorizations for non-travel business expenses.
- For airfare, travel itineraries alone do not constitute proof of payment.
- Hotel bills must be detailed with charges itemized and indicate proof of payment.
- Electronic receipts for purchases made via websites are acceptable provided they identify the vendor, buyer, date of purchase, item(s) purchased and amount paid, along with proof of payment indication.
- Any unallowable expense items included on bills/receipts must be deducted and not submitted for reimbursement.
- If attending a conference include the conference brochure, agenda, etc. to substantiate the business purpose.
- It is not appropriate to round-off amounts or to estimate expenses when requesting reimbursement.
- In the limited instances where receipts are not required, employees must still report only the actual amounts paid and itemize these expenses:
  - Expense items not requiring receipts include nominal amounts for tolls, parking meters, subway, shuttles, tips, etc.
- If a receipt is lost, misplaced or damaged beyond legibility, the employee is responsible for contacting the vendor and requesting a copy of the receipt.
  - If unable to obtain a replacement receipt, the employee must complete and submit a **Missing Receipt Declaration** form with their expense report; excessive use of this form may result in the employee's department revoking the privilege of using this form and denial of reimbursement for un-documented claims.

## 14. Record Retention

Departments are responsible for retaining all original receipts and supporting documentation, including travel authorizations, for employee T&E reimbursements. Departments shall maintain records that are adequately protected, readily retrievable for audit purposes, and for a period of time that ensures compliance with State and federal regulations, or other applicable legal requirements. Employee expense reports and supporting documentation should be maintained within an administrative unit(s) of the department and shall not be solely retained by individual employees or supervisors. For administrative ease, it is recommended that the physical location of the records be consistent with how departments manage their accounts payable vouchers and invoices.

For IRS purposes, departments are required to retain expense report documentation for three years after the tax filing due date (i.e., April 15<sup>th</sup>) for the calendar year in which the reimbursement was paid. The three year retention period is a minimum requirement and does not supersede other State or federal regulations with longer retention requirements that a department may be required to follow. Records that are part of an on-going or pending audit or litigation must be retained (*after the prescribed retention period*) until the final resolution of those proceedings. For additional information and General Record Schedules (<http://vermont-archives.org/records/schedules/general/>), departments are advised to consult with the VT State Archives and Records Administration Division within the Office of the VT Secretary of State.

## 15. Records Available for Audit

The Department of Finance & Management (F&M) reserves the right to conduct audits (*pre-payment or post-payment*) of employee T&E reimbursements. Departments shall make these records available for inspection or audit to F&M staff, State or Federal auditors and other authorized agents. Departments shall take appropriate corrective action for any material findings identified by audits including, if applicable, taking disciplinary action against employees and seeking financial restitution for any paid claims deemed unlawful or unallowable.

## 16. Direct Billing and Payment

Departments should seek to utilize the State Purchasing-Card (P-Card) and direct vendor payments as the preferred payment methods in order to minimize the need for and the amount of expense reimbursements and cash advances. Direct vendor payments are processed through the VISION Accounts Payable module.

## 17. Individual Submission of Claims

An employee shall not request reimbursement for T&E claims that include expenses incurred on behalf of other State employees (*exception allowed for employees sharing a hotel room*), family members or other travel companions. However, when an employee is acting as an agent of the State, and incurs expenses on behalf of a person(s) in the care and custody of the State (i.e. *support of persons*), that employee may claim the actual and necessary expenses as separate entries on his/her expense report within the limits set forth for employees. Exceptions to the above must be approved by the employee's department head.

## 18. Third-Party Payments/Reimbursements

To avoid any real or perceived conflict of interest, prior authorization is required for any reimbursement or payment of an employee's expenses by a third-party organization. In no situation should an employee be, or appear to be, subject to influences, interests or relationships which conflict with the best interests of the State of Vermont or the ability of any employee to responsibly perform their duties.

**When a third-party organization offers to pay or reimburse an employee's expenses to attend an event (conference, training, meeting, etc.):**

- The form “**Authorization of Employee Expenses to be Paid by a Third-Party Organization**” must be completed by the employee, approved by an appropriate manager/supervisor and distributed accordingly.
  - For purposes of this form, a third-party organization is defined as any public or private, for profit or non-profit organization or individual. The form is not required when the third-party organization is a State or Federal government entity, but that participation should be disclosed on the employee's travel authorization and expense report (where applicable).
- Direct payment of expenses (e.g., third-party purchases airfare, pays registration fee) by a third-party organization on behalf of an employee is acceptable with the above authorization.
- For expense reimbursement by a third-party organization: the employee must file a State of Vermont expense report to be reimbursed by their department, then reimbursement sought from the third-party, payable to the employee's department (i.e., State of Vermont).
- Employees are not authorized to accept any direct payment or reimbursement from any third-party organization; if reimbursement is issued in the employee's name, the employee must endorse the third-party check and surrender it to their department's business office.
- Travel authorizations are required for all overnight out-of-state/country travel, even when the third-party organization (including federal/state governments) is expected to pay/reimburse the entire cost of travel.
- Department business offices are expected to establish and maintain standards and practices for coordination of third-party billings and reimbursements.
- The payment or reimbursement of expenses by a third-party organization is a funding mechanism; it does not alleviate the employee's responsibility to adhere to the requirements of this policy.

## 19. Gifts from External Parties

Employees are expected to uphold the integrity of the State to the highest degree when conducting official business with outside organizations, vendors, conference sponsors and individuals. Prohibited employee conduct as defined under Dept. of Human Resource's **Policy 5.6: Employee Conduct** includes:

3. Employees are not permitted to solicit or accept any form of compensation from anyone except their employer for activities which are related to their position, unless it is provided for by law or approved by the employer. Prohibited compensation shall include any gift, reward, loan, gratuity or other valuable consideration, including free meals, provided to employees,

their immediate family, or business associate(s). Activities related to the position include papers, talks, demonstrations, or appearances connected with the job. However, this prohibition shall not extend to uncompensated activities or compensation received for activities not related to the employees' jobs which are done on their own time.

In recognition that conference attendees are frequently offered gifts or prizes related to their participation, the following shall represent the State's position:

In accordance with the "approved by employer" clause of the Employee Conduct policy, and at the discretion of the employee's department head, employees may accept conference related items as described below provided that under no circumstances shall the acceptance of any item be construed as having any real or perceived influence on current or future business relationships between the State of Vermont and the sponsor. Prudent business judgment must prevail so as to not compromise business transactions; if at all questionable, employees must refrain and decline any such items.

- Door prizes, raffles, etc. provided all attendees have equal access and opportunity.
- Gifts of merchandise such as mugs, water bottles, pens, clothing, etc. that is of nominal value (e.g. less than \$25) and equally available to all attendees.
- In limited instances, promotional materials that further the goals and objectives of the State.

In all cases the employee is solely responsible for IRS reporting and taxes related to personally received gifts and prizes.

Under no circumstances shall an employee ever personally accept cash (or cash equivalents) from an outside organization, sponsor, vendor, etc. Any offer of cash payments to incent attendance at a conference or to subsidize the cost of attendance (e.g. "scholarship") must, if approved by an appropriate department manager, be paid directly to the employee's department to offset the cost of the employee's attendance.

[Also refer to the "Third-Party Payments/Reimbursements" section of this policy.]

## **20. Traveler Rewards and Promotions**

Travel awards and benefits such as frequent flyer miles and hotel reward points received by employees as a result of authorized State travel will become the property of the employee and will not be claimed by the State. However, any reimbursement request submitted by employees must reflect the actual cost paid or incurred, net of any discounts, rebates, etc. that were applied against the expense being claimed for reimbursement.

# ROLES and RESPONSIBILITIES

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The primary responsibility for compliance with this policy rests with the employees requesting reimbursement of travel and expenses and the department heads, supervisors and other administrators who are reviewing, authorizing and approving these expenses.

## 21. Employee Responsibility

The **employee** is the individual requesting prior authorization to incur travel or expenses at State expense, and/or seeking reimbursement for expenses paid or incurred. Responsibilities include:

- Be knowledgeable of this policy and other regulations regarding employee travel and expenses;
- Ensure all travel and expenses (T&E) have a valid business purpose;
- Ensure all T&E are a prudent, necessary and reasonable use of State funds;
- Obtain all required approvals and authorizations prior to travel or incurring expenses;
- Obtain and include with the Expense Report all supporting documentation, including receipts, to substantiate the expense;
- Complete all required information on the Expense Report, including explanation of any unusual circumstances or exceptions;
- Ensure all expenses are properly recorded under an appropriate expense type and taxability indicator (i.e., non-taxable/taxable) on the Expense Report;
- In preparing the Expense Report, ensure that all applicable Travel Authorizations and Cash Advances are applied to the Expense Report;
- Submit the Expense Report in a timely manner, preferably within 20 days after when the expense was paid or incurred; acknowledge that expenses submitted more than 60 days after the expense was paid or incurred are taxable income to the employee;
- Acknowledge that in submitting an Expense Report, the employee is certifying under the penalties of perjury that the expenses were reasonable and necessary to the performance of official State duties, actual amounts personally paid or incurred by the employee, have not been previously paid or reimbursed (*except as stated therein*) and, to the best of the employee's knowledge, correct and eligible for reimbursement under this policy;
- Provide with their Expense Report repayment of any travel cash advance that is in excess of actual expense amounts reported on the Expense Report;
- Promptly report any accidents or other incidents that occurred while in a travel status and may result in a claim to/against the State;
- Promptly report any expense reimbursement paid in error, including refunding any amounts the employee is not entitled to;
- Be aware that any attempt to fraudulently obtain reimbursement for an expense directly paid by the State, charged to the P-Card, or reimbursed by another entity (unless so disclosed) may be considered an illegal act and subject the employee to potential legal action, and/or disciplinary action, up to and including termination of employment;



- *For employees with an assigned Expense Delegate:* It is solely the employee's responsibility to 'submit' (for approval) all transactions entered in the VISION Expenses module by the delegate. Prior to submission, review for accuracy and completeness, and take corrective action as necessary for any Expense Report, Travel Authorization or Cash Advance entered by the delegate on the employee's behalf;
- Understand that if an Expense Delegate is assigned for data entry purposes, the delegate is authorized to act on the employee's behalf but does not release the employee from the responsibility to act ethically and in accordance with this policy.

## 22. Expense Delegate Responsibility

The **expense delegate** is a department employee assigned responsibility to enter information in the VISION Expenses module on behalf of other employees. Responsibilities include:

- Be knowledgeable of this policy and other regulations regarding employee travel and expenses;
- Timely submission in the Expenses module of all information provided by the employee to the delegate; be cognizant of the tax consequences for Expense Reports not submitted within 60 days of when the expense was paid or incurred;
- Only enter, to the best of the delegate's knowledge, expenses that are correct, adequately documented and eligible for reimbursement under this policy;
- Verify the employee has provided all required supporting documentation, including receipts and travel authorizations;
- Contact the employee to resolve missing, incomplete or illegible information, potentially unallowable expenses, or any other discrepancy before taking the action to omit an expense item from the employee's Expense Report;
- Require the employee to review and 'submit' for approval in the Expense module all Expense Reports, Travel Authorizations or Cash Advances entered by the delegate; delegates are not authorized to 'submit' transactions on behalf of another employee;
- Act in an ethical manner and in accordance with current policy and rules regarding any personal information about the employee that can be seen while acting as an expense delegate.

## 23. Supervisor Responsibility

The **supervisor** is a department\* employee with knowledge of the assigned employees' day-to-day activities and work responsibilities, and the authority to pre-authorize expenditures for assigned employees. Responsibilities include:

- Be knowledgeable of this policy and other regulations regarding employee travel and expenses;
- Be familiar with the business need for employees under their supervision to incur travel and expenses;
- In a timely manner, review and approve, as warranted, Travel Authorizations and Expense Reports for employees under their supervision;

- To the greatest extent practical, require employees to obtain prior authorization for any expense that the employee expects to be reimbursed for;
  - Minimize the need for employee reimbursements by instructing employees to use standard purchasing processes such as direct vendor payments or the P-Card.
- \* **Note:** The Office of the Secretary of Administration will review and approve, as warranted, Travel Authorizations and Expense Reports for agency secretaries and independent department heads (except elected statewide officials).

## 24. Expense Coordinator Responsibility

The **expense coordinator** (i.e. **pre-pay auditor**) is a role within a department typically performed by an employee(s) within an administrative unit or business office environment. Responsibilities include:

- Be knowledgeable of this policy and other regulations regarding employee travel and expenses;
- Review and approve, as warranted, Travel Authorizations, Cash Advances and Expense Reports for completeness, supporting documentation, accuracy, reasonableness and compliance with this policy;
- Ensure all Cash Advance requests have an approved Travel Authorization;
- In reviewing Expense Reports, verify whether the employee has any outstanding Travel Authorizations or Cash Advances that should be applied;
- Verify the accuracy of all VISION chartfield coding;
- Verify that any exceptions or unusual circumstances have been satisfactorily explained and approved as necessary;
- Ensure taxable expense items have been properly classified on the Expense Report, including all expenses submitted more than 60 days after the expense was paid or incurred;
- Maintain auditable records of employee travel and expense reimbursements;
- Monitor, manage and reconcile all outstanding Cash Advances and Travel Authorizations;
- Identify training opportunities based on recurring errors, exceptions or frequently asked questions;
- Be a resource to employees on policy clarification and guidance, departmental procedures and use of the VISION Expenses module;

**Note:** The above responsibilities do not relieve the employee or supervisor from their responsibilities under this policy.

# SELECT EXPENSE ITEMS

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As it is not possible to anticipate all of the circumstances and types of expenses that employees may encounter in conducting State business, it is expected that employees and supervisors will adhere to the **intent** of the policy by ensuring only actually incurred, reasonable and necessary expenses, with a valid business purpose, are submitted for reimbursement. Assuming a reasonable level of safety and convenience for the employee, every effort should be made to keep travel and expenses to a minimum.

## 25. Transportation

### Mode and Route of Travel

The efficient conduct of State business, cost, and a reasonable level of security and convenience for the employee are primary considerations in determining the most economical and practical mode and route of travel. Reimbursable expenses include the cost of all necessary transportation while on official business including motor vehicles, airplanes, trains, buses, taxis and other usual means of conveyance.

Departments shall not reimburse employees for additional expenses that are incurred due to travel routing that is for the sole convenience of the employee, including indirect travel routes, stopovers or leaving earlier/returning later than necessary, unless the employee sufficiently documents that the cost of the entire trip (including transportation, lodging, meals, incidentals, etc.) is no more than the costs would have been without the personal convenience. Calculations that justify the cost effectiveness of any personal convenience must be included with the employee's expense report documentation.

### Commercial Air Transportation

- Employees should utilize commercial air transportation when it is more cost effective and efficient to travel by air than by vehicle or other modes of travel.
- Airfare may be purchased using the P-Card, reimbursed to the employee or direct payment through invoicing by a travel agency; the P-Card is the preferred method of payment.
- Departments and employees are responsible for ensuring airfare is purchased competitively by comparing and documenting available rates at common airline carriers, internet-based travel websites and/or travel agencies. Fees charged by travel agencies for issuing tickets are considered part of the cost of airfare.
- Subject to the needs of the department and a reasonable level of convenience for the employee, selection of airfare is restricted to the lowest available coach, economy or discount airfare; a *reasonable level of convenience* does not preclude selection of indirect flights and flights with modest layovers that result in significant dollar savings.
- Business class, first class and other premium airfare or fees charged by airlines for preferred seating are not allowable expenses.

- An employee's participation in a frequent flyer program must not influence airline or flight selection to the extent that it results in incremental costs to the State beyond the lowest available airfare.
- Additional travel costs incurred by employees as the result of overbooked, changed, delayed or cancelled flights, which are no fault of the employee, are reimbursable expenses subject to the requirements and limitations of this policy. When an airline offers passengers vouchers for meals, lodging, seat upgrades, etc. as compensation for the travel interruption, the employee is authorized to accept said compensation provided there is no additional cost or duplicate claim to the State.
- Generally, airfare should not be reimbursed until after completion of the trip. However, at the department's discretion, an employee may be reimbursed for airfare in advance of the trip when the department determines that it can save money by the employee taking advantage of advance bookings, fare sales, etc. Departments are responsible for having controls in place to monitor whether the ticket was used as intended.

### Bus and Rail Travel

The actual cost of bus and rail transportation is an allowable expense provided it is more cost effective and efficient than travel by air or vehicle. Travel times and the business needs of the department are relevant factors in determining the most economical and appropriate mode of travel. Employees authorized to travel by bus or rail are expected to obtain the lowest available fare.

### Private Aircraft

The expense for the use of a privately owned, leased or rented aircraft is reimbursable with the prior approval of the department head. However, the amount reimbursed must not exceed the cost of other available commercial modes of transportation. Departments must contact the Department of Buildings & General Services' Office of Risk Management in advance of the travel to ensure proper liability coverage.

### State-Owned or Privately-Owned Vehicles

Official travel by vehicle is to be accomplished in the most cost effective method, primarily through the use of State-owned vehicles, including fleet vehicles, whenever available. State-owned vehicles are for official business use only and shall not be operated for personal use or commuting, unless the commuting is authorized in accordance with Agency of Administration Bulletin 2.3: State Vehicles (re: "Employee Commuting with State Owned Vehicles"). Departments must report to the VTHR Payroll Division any employees who are commuting with a State-owned vehicle and do not qualify under the exemptions specified in the bulletin (re: "IRS Regulation for Commuting Use"), in order to determine whether a taxable fringe benefit needs to be recorded for the employee and reported to the IRS. Only properly licensed State employees are authorized to operate State-owned vehicles and all passengers must be on official State business. Employees are encouraged to carpool whenever possible to reduce expenses and conserve energy.

All employees and departments are required to comply with the policies and rules prescribed by the Department of Buildings & General Services' Fleet Management Services (FMS). FMS provides guidance and tools to help determine the most cost-effective method of vehicle travel (e.g., fleet

vehicle, rental vehicle, or mileage reimbursement). Contact Fleet Management Services for additional information.

**Travel by Privately-Owned Vehicle (POV)** - For business travel, employees must consider the following options and costs before claiming mileage reimbursement for use of a privately-owned vehicle:

- The necessity of the travel – are alternatives such as phone or video conferencing viable?
- Availability of a department vehicle;
- Availability of a fleet vehicle;
- Availability of a rental vehicle from a State contract vendor;
- Carpooling – are other employees traveling to the same destination?

Situations when travel by POV for official duties is allowable and eligible for mileage reimbursement at the Full GSA Rate (see *POV Mileage Reimbursement* section below) include:

- Round-trip travel is less than 80 miles and a department owned/leased vehicle is not reasonably available.
- Employee has a documented medical condition that cannot be reasonably accommodated by use of a State vehicle.
- Travel to an airport, train or bus terminal for authorized out-of-state travel where use of a State vehicle would result in the vehicle remaining idle and unavailable at the terminal site for multiple days.
- Call-in commuting mileage that is eligible for mileage reimbursement per collective bargaining agreements (*provided the employee does not have an assigned State vehicle*).

**POV Mileage Reimbursement** - Employees are allowed mileage reimbursement for the use of their privately-owned vehicle for authorized business travel in the performance of official duties. Employees are reimbursed at a “rate per mile” established in accordance with collective bargaining agreements. Presently, the reimbursement rates (“full” or “reduced”) are established by the U.S. General Services Administration (GSA) and encompasses all expenses (gasoline, maintenance, insurance, supplies, repairs, etc.) associated with operating a privately-owned vehicle. The established rate shall be the same for all vehicle types, except for an enhanced rate for lift-equipped adapted vans.

Employee mileage reimbursement claims for the use of a privately-owned vehicle (POV) in the performance of official duties shall be made in accordance with the following rates and criteria:

- **Full GSA Rate:** Use for mileage reimbursement claims when a POV is the most cost-effective option **or** when a State vehicle (re: Department, FMS Motor Pool or Rental vehicle) is the most cost-effective option but a State vehicle is not reasonably available **or** when the department head has authorized use of a POV for a justifiable business reason (re: “best interest of the State”).
- **Reduced GSA Rate:** Use for mileage reimbursement claims when a POV is not the most cost-effective option and a State vehicle is reasonably available.
- **Most Cost-Effective Option:** A department owned/leased vehicle must always be considered first as the most cost-effective option. When a department vehicle is unavailable, use of a POV at the Full GSA Rate is justified for round-trip travel of less than 80 miles; otherwise the **FMS Trip Calculator** must be used to determine the most cost-effective option.
  - FMS Trip Calculator - <http://www.bgs.vermont.gov/sites/bgs/files/Trip%20Calculator%20170214.xls>

- **Reasonably Available:** Departments may take into account other logistical factors such as employee time and/or POV use incurred in traveling to the State vehicle pick-up location, geographic location of the State vehicle in relation to the direction of the business travel, departure and/or return times, etc.
- **Substantiation:** It is the responsibility of employees and departments to ensure POV mileage reimbursement claims are made at the applicable rate. All claims require a properly completed expense report certifying the mileage was actually and necessarily traveled in the performance of official duties, and for the:
  - Reduced GSA Rate - no further documentation is required.
  - Full GSA Rate - justification that mileage reimbursement was the most cost-effective option *or* that a State vehicle was not reasonably available (e.g., FMS' "**Notice of Regret**") *or* cite a justifiable business reason that was authorized in advance.

Prior to claiming POV mileage reimbursement for official business travel, employees and departments must consider other available travel options in the following order. When the following options are not feasible or cost-effective, employees may claim POV mileage reimbursement at the Full GSA Rate.

1. Is there a department owned/leased vehicle reasonably available for use? If a department vehicle would otherwise be idle, it is usually more economical to use it.
2. Is there a FMS Motor Pool or Rental vehicle location near the employee's home or work station that would be more cost-effective than mileage reimbursement per the FMS Trip Calculator?

Note: Non-commuting mileage traveled in a POV to pick-up a department, FMS, or rental vehicle is eligible for reimbursement at the Full GSA Rate and should be considered in terms of cost-effectiveness.
3. Do you have an employee whose annual business travel is expected to meet and/or exceed the mileage threshold for justifying an assigned State vehicle? Departments with an employee whose travel meets the mileage criteria should submit a request to FMS to lease a vehicle for that employee's travel. The leased vehicle may be assigned to a single employee or to several employees whose combined business travel meets the mileage threshold.

POV mileage reimbursement claims are not allowed at the Full GSA Rate under the following conditions. An employee that chooses (e.g., *for personal convenience*) to use a POV for official business travel when any of the following conditions exist must claim reimbursement at the Reduced GSA Rate.

- Department vehicle is reasonably available.
- FMS Motor Pool vehicle is reasonably available and more cost-effective than mileage reimbursement.
- Rental vehicle (re: State contract) is reasonably available and more cost-effective than mileage reimbursement.
- Employee's annual mileage traveled in the performance of official duties requires an assigned vehicle.

**Travel Routing** - Mileage reimbursement claims must be based on actual mileage necessarily traveled for business purposes using the most direct practical route. Personal mileage traveled while on official business travel is not reimbursable. Employees are encouraged to carpool whenever

possible to reduce expenses and conserve energy. When two or more employees are traveling in the same vehicle only the driver/owner shall be entitled to mileage reimbursement.

**Commuting Mileage** - Round-trip mileage traveled routinely and directly between the employee's residence and official work station is considered commuting mileage and not reimbursable. Exceptions are allowed under "call-in" provisions of collective bargaining agreements, or if the employee is required by their department to make multiple trips between their residence and work station in addition to their normal commute. Even when commuting mileage is authorized for reimbursement, employees must report **all commuting mileage**, including call-in status, as taxable in the VISION Expenses module in order to comply with IRS regulations.

### Rental Vehicles

The Department of Buildings & General Services' Office of Purchasing & Contracting maintains a State contract(s) for vehicle rentals. When an employee has been authorized to use a rental vehicle a State contract vendor must be used. The contract covers rental vehicles for use by State employees traveling on authorized official State business. The contract contains separate rates for rentals originating within Vermont and for rentals originating outside of Vermont. All rental rates include unlimited mileage and full insurance coverage; additional coverage will not be paid or reimbursed. Contact the Office of Purchasing & Contracting for additional information.

**Out-of-State:** Employees traveling by common carrier (air/bus/rail) should select the most economical ground transportation available at the destination, depending on the business need for travel and the availability of transportation services. A rental vehicle may be considered if business travel, other than between the common carrier terminal and the meeting/lodging site, is required and public ground transportation is **clearly** not adequate. The justification for use of a rental vehicle must be stated on the Travel Authorization and approved by an appropriate person(s). If a rental vehicle is necessary for business purposes but also used for personal travel, then any additional costs incurred because of personal use shall not be paid or reimbursed.

For rentals originating outside of Vermont with a State contract vendor, employees must contact the Office of Purchasing & Contracting for current contract requirements.

If a rental vehicle is necessary but not available from a State contract vendor then use of another rental company is allowable; purchasing the daily insurance coverage offered by the rental company is a recommended and a reimbursable expense. Reimbursement is not allowed for specialty rental vehicles (e.g., luxury, sports utility, convertible) unless there are documented extraordinary circumstances or they have been provided as a no-cost upgrade. In-car navigation systems (GPS), if necessary, are an allowable expense but other convenience options (e.g., satellite radio) are not allowable.

### Public Ground Transportation

Employees on authorized travel may be reimbursed for reasonable expenditures for public ground transportation to & from air/bus/rail terminals, hotels, meeting places, and business appointments. Employees should select the most economical mode of ground transportation that is appropriate based on the circumstances and a reasonable level of security and convenience for the traveler.

- Modes of public ground transportation include bus, shuttle, taxicab, subway, light rail, etc. and may also include a water ferry/taxi where applicable.

- Mileage reimbursement is an allowable option for employee travel by personal vehicle between their home or workplace and the departure air/bus/rail terminal.
- Many hotels offer shuttle services at free or reduced rates.
- Public mass transit, where available, is typically less expensive than individual taxicab rates and should be used when possible and reasonable.
- Generally, limousine or sedan car services are not considered a *reasonable* expense, unless there are enough employees traveling together to make the expense more economical than available alternatives.

## 26. Lodging

### General

For employees on authorized travel requiring an overnight stay, the actual cost of reasonable and necessary lodging is an allowable expense. As the price of lodging can vary significantly by travel destination, employees and departments are responsible for ensuring the reasonableness of all lodging expenses. Lodging expenses (room charge, applicable taxes and internet charges) may be charged to the P-Card (preferred method), direct billed to the department, or reimbursed to the employee.

### Cost Principles

- Request a standard room at the government rate, unless greater discounts are available under another rate program or through special discounts offered to conference attendees (*as applicable*).
- When arranging travel, employees and departments may reference the U.S. General Services Administration's website (<http://www.gsa.gov/perdiem>) of per diem lodging rates to evaluate the reasonableness of lodging costs for the travel destination. This tool is only to be used as a guide - there is no implicit or stated expectation to incur costs up to the per diem rate, nor, is there any prohibition on exceeding the rate; in all cases prudence and economy should prevail.
- For employees attending a conference, meeting, seminar, etc. the proximity of the lodging to the event is a valid factor in assessing the reasonableness of the expense.
- When advance payment is necessary to reserve a room, the payment shall be limited to the minimum amount required by the lodging establishment.
- For long-term lodging, the department head may authorize entering into a rental agreement (e.g., apartment) if there are documented cost-savings to the department.
- If an employee shares a room with another person who is not a State employee, the employee is entitled to reimbursement at the lesser of the single room rate or the actual cost for just the employee's lodging.
- When employees on authorized travel share a room, the names of all employees must be provided with the hotel bill. One employee may claim reimbursement for the entire cost of the lodging or, if practical, reimbursement may be calculated on a pro-rated share of the total



allowable cost. Suites or larger non-standard rooms may be allowable provided there is documented cost savings over the price of multiple standard rooms.

- Proof of payment and an itemized hotel bill that identifies the employee(s), the name and location of the establishment, dates of stay, rates, occupancy and description of each charge is required for reimbursement.
- Expenses such as meals, internet access, phone charges, parking, etc. charged on the hotel room bill must be separated from the lodging expense and claimed (*if allowable*) against the applicable expense type on the employee's expense report so the items can be charged to the correct VISION account. Hotel charges for personal expenses are not allowed and must be deducted from the amount claimed for reimbursement (refer to Unallowable Personal Expenses section).
- Hotel charges resulting from an employee's failure to observe check-out time, negligence in not cancelling a guaranteed reservation, or property damages caused by the employee will be considered an unnecessary expense and ineligible for reimbursement.
- Employees shall not request reimbursement for accommodations, services or amenities provided free of charge by the hotel (e.g., hotel rewards program) or any other third-party.
- Employees cannot be reimbursed for staying at the residence of a relative, friend, or personally-owned property.
- Employees who extend authorized travel with annual or other leave shall not be reimbursed for lodging expenses incurred during the period of leave.

### In-State Lodging

Department heads or their designee may authorize in-state lodging under limited circumstances including:

- Subject to the needs of the department and when the cost of lodging and meals is more cost-effective than mileage reimbursement, travel time, etc.
- Departments that sponsor conferences or other functions and require staff to work at the event may authorize overnight lodging for its employees when it is for the convenience of the department.
- When warranted by hazardous travel or health & safety conditions; explanations must be provided with the employee's expense report.
- When an employee is required to work significantly beyond their normal work schedule (including travel time) and at a location that is not their official work station that is at least 40 miles from the employee's residence.

## **27. Meals**

Employees on authorized travel are entitled to reimbursement for meals, as specified in the collective bargaining agreements, for actual costs incurred up to the maximum rates established in the agreements. The maximum meal reimbursement rates are inclusive of all food, non-alcoholic beverages, services, taxes and gratuities. Different rates are established for breakfast, lunch and dinner, in-state and out-of-state. Only meals taken by employees on authorized travel when away

from their residence and official work station may be eligible for reimbursement (exceptions noted below).

Generally, meals during travel not requiring an overnight stay (e.g., mid-tour meals) are not reimbursable in accordance with collective bargaining agreements. As requirements may vary by employee class and collective bargaining agreement, departments are advised to contact their Dept. of Human Resources administrator in regards to the allowability of any meal expense not pertaining to authorized State travel requiring an overnight stay. If an employee is eligible for mid-tour meals, the maximum meal reimbursement limits apply.

- Breakfast may be an allowable expense on the departure date for travel requiring an overnight stay, or for travel not requiring an overnight stay, if it is necessary for the employee to begin travel more than 2 hours earlier than the start of their normally scheduled workday.
- Dinner may be an allowable expense on the return date from travel requiring an overnight stay, or for travel not requiring an overnight stay, if the employee is unable to return to their residence or official work station until at least 2 hours later than the end of their normally scheduled workday.
- Alcohol is never an allowable cost for meal reimbursement.
- State employees authorized to participate in conferences, meetings, seminars, conventions, trainings, etc. (i.e., “conference-related meals”) shall be reimbursed for out-of-pocket meal expenses incurred without regard to location of the meal or maximum limits, provided the meal is a necessary part of the event and for which participants have no control over the cost of the meal.
- Subject to approval by authorized department staff, departments may provide food or allow meal reimbursement (subject to maximum limits) during emergency situations where key staff are required to remain on duty at their official work station, significantly beyond their normal work schedules, in order to maintain mission critical operations of the department.
- Employees in a travel status are prohibited from charging any individual meals to the P-Card.

### Meals Over Maximum Reimbursement Rates

- **Bargaining unit eligible employees:** Departments shall not approve any meal reimbursement request that exceeds the maximum rates set forth in bargaining agreements (except as provided above for conference-related meals). Meal rates are collectively bargained and there is no legal authority for departments to approve reimbursement requests beyond those limits.
- **Non-bargaining unit employees** (i.e., elected, appointed, exempt, managerial and confidential positions): May be allowable in limited and justifiable situations with the **prior authorization** of the Secretary of Administration (or designee):
  - Requests must be justified and submitted in writing (email) by the department head to the Secretary of Administration, prior to incurring any expense;
  - No blanket waivers shall be approved; prior authorization is required for each travel event;
  - If approved by the Secretary of Administration, the employee must submit that documentation with their Expense Report;

- Receipts are required (refer to “Meal Receipts” section);
- Maximum meal rates do not apply to Military employees while in a federal status, where federal per diems are in effect and take precedence.

### Meal Receipts

- Employees are not required to submit receipts for meal reimbursement requests that do not exceed the maximum rates set forth in bargaining agreements, but the amounts claimed must have been actually and necessarily incurred.
  - However, at the department head’s discretion, receipts may be required for all meal reimbursement requests provided advance notice is given to the affected employee(s).
- Employees are required to submit receipts for any meal reimbursement request that exceeds the maximum rates set forth in bargaining agreements, and shall only be approved for reimbursement when in accordance with the above section (“Meals Over Maximum Reimbursement Rates”).
  - When the required meal receipt is not provided, reimbursement shall be limited to the maximum rate per the bargaining agreements.
  - Receipt requirement does not apply to conference-related meals as defined above, but documentation (registration form, brochure, etc) to substantiate the meal charge should be provided and the amounts claimed must’ve been actually and necessarily incurred.
  - Alcohol is not a reimbursable expense.

## **28. Registration Fees**

Registration fees required for participation in conferences, meetings, seminars, conventions, trainings, workshops, trade shows, etc. that an employee is directed and/or authorized to attend are allowable expenses when supported by adequate documentation. As most registration fees require payment in advance of the event, use of the P-Card or direct payment by the department are the preferred payment methods. Prior to incurring any expense for registration fees, departments should ensure that any related employee travel has also been authorized.

When a meal(s) is included in the registration fee the employee is not eligible for additional meal reimbursement. If the meal cost is separately disclosed from the registration fee, then that amount should be separately recorded on the expense report as a meal expense, not as a registration expense, so it can be charged to the correct VISION account.

[Also refer to the “Gifts from External Parties” section of this policy.]

## **29. Miscellaneous Travel Expenses**

Following is a list of miscellaneous travel expenses that may be reimbursed to employees on authorized State travel. This list is not intended to be all-inclusive, but in all cases expenses must have a valid business purpose and be reasonable, necessary and actually incurred.

- **Baggage Fees** charged by airlines or other common carriers; however, fees for excessive baggage or personal items such as golf clubs, skis, etc. are not reimbursable.

- **Business Expenses** – Miscellaneous expenses such as office supplies or postage incurred while in a travel status for necessary business purposes.
- **Foreign Exchange** - Expenses incurred in a foreign currency will be reimbursed at the foreign exchange rate in effect for that country on the date the expense was incurred; employees must provide documentation. Documented currency conversion fees or foreign transaction fees imposed by credit card companies are reimbursable provided the related expense(s) is also reimbursable.
- **Gasoline** for an authorized rental vehicle or fleet vehicle (e.g., *fleet gas card is inoperable*).
- **Internet Connectivity** in lodging, airplanes or other public places provided it is necessary for business purposes and not for the personal convenience of the employee.
- **Laundry or Dry Cleaning Services** may be allowed only when authorized travel is for longer than 7 consecutive nights, or, in the case of severe and unexpected weather conditions.
- **Parking & Tolls** for parking meters, parking garages, surface lots, and road, bridge or tunnel tolls while on official business.
- **Telephone Charges** billed on hotel bills and documented long-distance calls from personal phones that are business related.
- **Tips/Gratuities** for luggage handlers, hotel housekeepers, valets, taxicab drivers, etc. that are customary for the service provided, not excessive in amount, and provided that the underlying expense or activity is a reimbursable expense. **Note:** The maximum reimbursable amount for meals includes all taxes and gratuities.

## 30. Non-Travel Business Expenses

When in the best interest of the department, employees with purchasing authority, or prior authorization, may be reimbursed for purchases of non-travel business expenses **NOT to exceed \$200** per purchase. Instead, purchases of this type should be made using standard State purchasing procedures and payment methods (e.g., P-Card, direct vendor payments, statewide contracts & purchase orders, blanket delegations of authority (BDA)). Examples of non-travel business expenses include supplies, tools, equipment, postage, food or refreshments, professional dues, memberships or subscriptions, and expenses related to authorized telecommuting/telework. *Registration fees (e.g., conferences, seminars, trainings) are considered a travel-related expense and not subject to the \$200 threshold.*

All reimbursement requests must have a clear documented business purpose and be accompanied by receipts, proof of payment and/or other appropriate documentation to substantiate the expense. Transactions or invoices must not be split in an attempt to circumvent the \$200 threshold. Exceptions to this threshold may be allowed in emergency situations or with the prior written authorization of the department head.

## 31. Cell Phones

Subject to a department's business needs and the employee's responsibilities, departments may provide cell phones to its employees or reimburse employees for the official State business use of their personal cell phones. Per IRS guidance, State-issued cell phones qualify as a working condition

fringe benefit and are not considered to be a taxable benefit provided departments can justify the following:

- The cell phone is for non-compensatory business purposes (i.e., it is not provided as a wage supplement or in lieu of wages).
- The main purpose of a department-provided cell phone is to conduct official State business; if so, any personal use of the cell phone is considered a de minimis (i.e., minimal) fringe benefit excludable from income (provided overall usage remains within the plan's limits).
- For employee reimbursements...the amount must be reasonable and directly related to the official State business use of their personal cell phone, and never exceed the actual expense incurred by the employee.

## 32. Interview Expenses

The department head may authorize reimbursement of travel-related expenses for interviewees, not to exceed \$1,000 per individual, in instances where extreme recruiting difficulty is encountered due to lack of qualified applicants. The department head may also authorize reimbursement of expenses for a second interview not to exceed \$1,000. Expenses in excess of \$1,000 per interview must have the prior approval of the Commissioner of the Department of Human Resources. In lieu of reimbursing for interview expenses, departments are urged to use less expensive alternatives than in-person interviews, such as conducting interviews via telephone or video, especially for 'first-round' interviews.

Reimbursable expenses are limited to reasonable and necessary transportation, lodging, meals and incidental expenses for the applicant (only) to travel to the interview site. Departments are responsible for ensuring the scope and limit of expenses to be reimbursed are clearly stated and understood by the applicant. All allowable and actually incurred expenses must be reimbursed to the applicant directly and only after completion of the interview; departments shall not make direct vendor payments on behalf of the applicant or pay any expenses in advance. Reimbursement shall be processed either through the VISION Accounts Payable (for non-employees) or Expenses module (for employees); all standard documentation requirements apply.

[Related Policy: Dept of Human Resources' Policy 4.11: Interviewing and Reference Checking]

## 33. Moving Expenses

With the prior written approval of the Commissioner of the Department of Human Resources, departments may pay or reimburse the moving expenses of certain current or new employees subject to the following requirements:

- **Current Employees:** Employees in permanent positions who are transferred or re-assigned for **the convenience of the State** shall be eligible for payment or reimbursement of moving expenses provided the new work location is not within reasonable commuting distance of the employee's place of residence at the time of transfer or re-assignment. Employees shall not be eligible for reimbursement of moving expenses if the transfer or re-assignment is a voluntary request of the employee (i.e., not expressly for the convenience of the State) or the consequence of a disciplinary action.

- **New Employees:** Based upon extreme difficulty in recruitment and a limited, qualified applicant pool, the Commissioner of Human Resources may authorize payment or reimbursement, **up to a maximum of \$5,000**, for the moving expenses of prospective new employees not currently residing within reasonable commuting distance of their new State work location. A department head wishing to extend this offer to a qualified candidate must receive the written approval of the Commissioner of Human Resources after completion of the recruitment and interview process but **PRIOR** to offering this benefit to the applicant. Reimbursement of moving expenses is not an entitlement and must be mutually agreed upon in advance upon by the Commissioner of Human Resources, the employing department and the prospective employee. If approved and accepted, all other requirements of this section apply.
- Moving expenses are defined as the actually incurred expenses for transporting household goods and personal possessions (*may include one automobile if move is of substantial distance*) from the employee's former residence to their new residence. Typical allowable expenses, when documented by invoices or receipts, include bills from a moving company, truck or trailer rental company, gasoline to power a rental truck or an automobile towing a trailer, labor for professional movers, and miscellaneous expenses such as packing cartons, tape and materials. The State does not reimburse claims for connection, stopover, second pickup or delivery, storage, or special packing or handling charges.
- Authorized and actually incurred moving expenses (subject to any maximum limit) may be reimbursed to the employee through the VISION Expenses module or departments may issue direct payment to the applicable vendor(s) through the VISION Accounts Payable module.
- House-hunting trips, temporary housing, storage unit rentals, real estate fees, travel expenses of family members, loss on the sale of a home or personal possessions, and the labor of those not directly employed in the moving industry (i.e. friends and family) are not allowable expenses and shall not be paid or reimbursed.
- Three bids (estimates of moving costs) must be provided in advance to the Commissioner of Human Resources to substantiate the reasonableness of the proposed expense. The lowest bid need not be selected if it can be shown the rates are reasonable and justification is provided for the selection. The employee may move his/her own goods by use of rented equipment if such action is more economical for the State.
- Departments must maintain supporting documentation for all moving expenses paid or reimbursed including invoices and/or receipts, business justification to pay moving expenses, all supplied bids along with justification for the selected bid, and the prior approval(s) of the Commissioner of Human Resources.
- Generally, moving expenses that meet the IRS distance test and are paid or reimbursed in accordance with IRS Accountable Plan rules are not considered as taxable income to the employee. The IRS distance test requires that the new job location be at least 50 miles farther from the employee's former residence than the old job location was from the employee's former residence. Departments are advised to contact the VTHR Payroll Division with any questions pertaining to the tax treatment of moving expenses before incurring any costs.

## 34. Tuition Expenses

### DHR Tuition Reimbursement Program

Employees may be eligible for payment or reimbursement of tuition expenses subject to collective bargaining agreements and the policies and rules of the Tuition Reimbursement Program administered by the Department of Human Resources. Tuition expenses may be direct paid to the educational institution or reimbursed to the employee. Employee reimbursements processed under the Tuition Reimbursement Program that are the responsibility of the Department of Human Resources (DHR) shall be processed through the Payroll process, **not** the VISION Expenses module; departments may contact DHR for processing requirements.

**Note:** If the department has committed to reimbursing the employee a portion of the authorized expenses, as indicated on DHR's Tuition Reimbursement Application, then that amount shall be processed through the VISION Expenses module.

[Related Policy: Dept of Human Resources' Policy 15.2: Tuition Reimbursement]

### Department Provided Tuition Assistance

Subject to its business needs and budget availability, a department may decide to provide tuition assistance to its employees independent of the Tuition Reimbursement Program. Departments are responsible for establishing the requirements for any department sponsored tuition assistance but must include at a minimum:

- The tuition assistance was authorized in advance by an appropriate department employee;
- Course titles with descriptions and the benefit to the State;
- Covered costs and the maximum amount of financial assistance to be provided;
- Whether approved expenses will be reimbursed to the employee through the VISION Expenses module or direct paid to the educational institution (department's discretion);
- Financial substantiation of costs incurred (e.g., invoices, receipts, proof of payment) prior to reimbursement or payment;
- Any requirement for the employee to submit proof of grades or satisfactory completion, including consequences of not achieving satisfactory completion;
- Completion of the VTHR Payroll Division's **Tuition Assistance – Employee Certification** form.

**Tax Issues:** Federal law requires the State of Vermont to report certain employer-provided tuition assistance as taxable income to the employee and to withhold applicable taxes. Per the Internal Revenue Service, employer-provided tuition assistance in excess of \$5,250 in a calendar year is generally considered taxable to the employee, **when** it does not qualify as job-related under the working condition fringe benefit section of the Internal Revenue Code.

## 35. Administrative Reimbursements

Employee claims against the State for personal property damages or legal representation that are submitted and approved in accordance with the requirements of Title 32 V.S.A. § 932a: Administrative Reimbursements for Property Damages shall be reimbursed through the VISION Expenses module.

## 36. Licenses

Professional and occupational licenses are the **responsibility of the employee**, and thus ineligible for payment or reimbursement unless specifically provided for under collective bargaining agreements, or, with the prior written approval of the Commissioner of the Department of Human Resources based on a documented, valid and binding past practice.

Notwithstanding the above restrictions, individual agencies/departments in the executive branch may pay **attorney license fees** under the following conditions:

- 1) the department is willing to pay the fee;
- 2) the attorney is in an exempt position;
- 3) the department has sufficient funds in its budget to pay the fee;
- 4) the attorney is actively practicing law and the license is a job requirement.

## 37. Unallowable Personal Expenses

All expenses must have a valid business purpose. The State of Vermont will not reimburse or pay for travel and expenses that are inherently personal in nature. *Unless specifically allowed under collective bargaining agreements or Vermont statutes*, following are examples of **unallowable** personal expenses:

- Alcohol including beer and wine;
- Personal grooming services such as barbers, hairdressers, spa services, etc.;
- Laundry or dry cleaning services (except as specified above under the “Miscellaneous Travel Expenses” section);
- Child care, house-sitting;
- Personal clothing, accessories, toiletries;
- Pet/animal care, food or boarding services;
- Personal reading material or subscriptions including newspapers, books, magazines and on-line subscriptions;
- Personal entertainment or recreation such as sightseeing, tours, movies (including in hotel room or airplane), theater tickets, health club fees, golf greens fees, ski lift passes, sporting event tickets, etc;
- Any expense such as cards, flowers, food, decorations, etc. pertaining to **personal** greetings or acknowledgements (e.g., birthdays, bereavements, get-well, weddings, holidays) for State employees [refer to Dept. of Finance & Management Policy 3: Personal Greetings / Acknowledgements];
- Personal credit card annual fees, late fees, finance charges, ATM fees, etc;



- Repair, maintenance, insurance, gasoline, registration fees, etc. for personal vehicles;
- Membership fees that are personal in nature including social clubs, athletic facilities, travel clubs, etc;
- Personal insurance such as personal life or automobile insurance, travel insurance (e.g., accident, cancellation, interruption, baggage);
- Loss or theft of cash advance money, airline tickets, baggage, personal funds or property;
- Commuting mileage between the employee's home and official work station (specific exceptions apply);
- Food or refreshments (excluding meals while in a travel status) unless allowable under Dept of Finance & Management Policy #4: Department Provided Food and Refreshments;
- Expenses incurred by an employee while in a leave status;
- Parking tickets, traffic violations or other law enforcement fees, fines or penalties assessed to the individual employee even when incurred on authorized State travel;
- Any expenses for or on behalf of family members, friends, relatives, acquaintances or other travel companions.

Extraordinary expenses due to emergency situations or unusual circumstances (e.g., extended long-term travel) when deemed appropriate and necessary, may be approved by the department head; supporting documentation must be attached to the employee's expense report.