

TRAVEL AND ENTERTAINMENT PROCEDURES

1. OVERVIEW

a. Travel

Wake Forest University (WFU) pays for necessary and reasonable expenses incurred for properly authorized University travel.

b. Entertainment

WFU pays for expenses incurred for ordinary and necessary business entertainment, including food, beverages, and social or recreational activities for properly authorized University entertainment.

2. APPROVALS

a. General Approvals

Authority and responsibility for approval and control of official travel and entertainment rests with the person ultimately responsible for the department to which the expense will be charged. All reimbursed travel must be authorized in accordance with University guidelines. All travel expense reimbursements must be approved by the respective Department Head or Chair.

b. Grant Approvals

If you are traveling and know that your expenses are to be paid from a grant issued to you or your department, you must also check with the person responsible for administering the grant funds to verify that these expenditures are allowable under the respective grant guidelines. Grant reimbursements must also be approved by the Grant Accounting Manager in Financial and Accounting Services. The grant may place restrictions on travel and entertainment expenses that differ from those of the University. If you are not in compliance with these restrictions, you will not be reimbursed from those funds.

c. International Travel Approvals

An International Travel Information Form must be completed, approved and sent to Accounts Payable prior to making any financial commitments for University funded travel.

3. TRAVEL ARRANGEMENTS

WFU does not maintain a centralized travel service. Accordingly, travelers should acquaint themselves with any special services or requirements of their department. If the department does not provide travel-related services, travelers should make their own arrangements.

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a. Airfare

Travelers should use the most economical mode of available transportation that is consistent with the purpose of the trip. Whenever possible, travelers should take advantage of excursion rates or other airline discounts. In the event that a trip involving non-reimbursable tickets is canceled, the University will only cover the charge provided there is adequate business justification for the failure to complete the travel.

b. Automobile Rental

Travelers may wish to rent an automobile to save time or cost. Reimbursable auto rental costs include the daily rental fee, gasoline charges, tolls, and fee for miles used. Recommended rental car companies follow with the University discount number needed to receive preferential rates:

1. Avis A563100
2. National 5002341
3. Hertz CDP #09755
4. Budget T557400

c. Private Automobiles

Travelers may wish to use their own automobiles to save time, transport equipment, or reduce the cost for a group traveling to a common destination. The University will reimburse the vehicle's owner by applying a standard rate per mile set by the University not to exceed the IRS published rate to the actual driving distance by the most direct route. This mileage allowance covers all transportation and operating costs, including gasoline. Tolls and reasonable parking charges will also be reimbursed, but repairs to the vehicle and other similar costs will not be reimbursed. Travelers are expected to maintain the appropriate insurance on their vehicles when they are to be used for business related travel. The University will not reimburse employees for commuting expenses between home and their normal place of work. Travelers who choose to use their own automobiles on a trip for which air travel is more appropriate will be reimbursed for the actual miles the automobile is driven at the standard rate per mile. This reimbursement may not, however exceed the coach air-fare to the destination, plus airport transportation costs.

d. Miscellaneous Transportation

Reasonable expenditures for limousines, taxis, and public transportation for service to and from airports and railroad stations, between appointments, and between hotels and meeting places are fully reimbursable as are reasonable tips for service.

4. TRAVEL INSURANCE

The following is a brief description of the insurance the University carries to cover employees while on official travel. Full time employees on University business are automatically covered by life/accidental dismemberment insurance in the amount of \$200,000. Questions relating to coverage of non-employees or whether certain travel

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qualifies as official travel for insurance purposes should be directed to the Insurance Analyst, extension 4197, in Financial and Accounting Services before arranging the trip.

a. Personal Automobiles

Travelers who use a personal automobile that is not insured for collision damage should be aware that they will not be reimbursed by the University for such damage. If an employee on official business is involved in an accident that causes bodily injury or property damage to a third party, the traveler's insurance will apply first. When necessary, University insurance will supplement the traveler's. Inquiries and notification of loss should be directed to Financial and Accounting Services, extension 4197.

b. Rented Automobiles

It will not be necessary to purchase extra coverage when renting a vehicle for University business, while in the United States. Wake Forest provides blanket liability and collision insurance with Hartford Insurance Company, policy #22UENA23031. When renting a vehicle overseas, the University requires the purchase of physical damage coverage.

5. FOOD AND LODGING

a. Food

Charges for food are reimbursable to the extent of actual reasonable expenses. Reimbursement for actual meal expenses need receipts only if they exceed \$10 for breakfast, \$15 for lunch, and \$25 for dinner. An original restaurant receipt constitutes acceptable documentation for reimbursement. A business purpose is required for group meals along with disclosure of the attendees, their relationship to the University, and the reason for the gathering.

b. Lodging

Original hotel bills are always required as documentation for reimbursement for lodging expenses. Lodging expenses for family members are generally not reimbursable. (Please refer to section 7 for further guidance). The University will reimburse room expenses at the single occupancy rate.

c. Joint Expenses

If a group of persons traveling together for Wake Forest incurs joint expenses to be reimbursed from the same source, then for convenience, some or all of those joint expenses may be paid and reported by one traveler.

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6. OTHER TRAVEL EXPENSES

a. Registration Fees

Registration fees should be paid directly by the University. Registration fees not prepaid by the University will require a receipt to be reimbursed. A copy of a check is not considered adequate. A copy of a canceled check or a receipt from the company is adequate.

b. Miscellaneous Travel Expenses

Other reimbursable items include the following:

1. Telephone calls necessary to obtain transportation and hotel reservations.
2. Telephone calls allowing travelers to stay in reasonable contact with their office or family.
3. Required copy or fax expenses.
4. Expenses for baggage handling.
5. Tips for hotel support staff.

Non reimbursable items include the following:

1. Costs incurred by unreasonable failures to cancel transportation or hotel reservations.
2. Parking tickets or other fines
3. Lost or stolen tickets, cash or property.
4. Accident insurance premiums.
5. Expenses not directly related to, or necessary for, the performance of the travel assignment, (e.g. gym fees, salon expenses, movies, etc.).

c. Expenses payable by other Organizations

When one trip combines two or more purposes and the traveler is eligible for expense reimbursement from more than one source, costs of the trip should be equitably distributed among all sponsors. Travelers are responsible for seeking reimbursement for expenses payable by institutions other than Wake Forest.

d. Expenses in Foreign Currencies

1. Conversion of foreign currency

Fluctuating exchange rates make reimbursement for foreign travel somewhat complex. Hotel and dining bills paid with a credit card will be charged in the foreign country's currency, and the credit card company will convert the bill to U.S. dollars before billing the traveler. To insure accurate, fair reimbursement, a copy of the credit card bill in US dollars should be submitted with the request for reimbursement, in addition to the original charge slip in the foreign currency.

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2. Value Added Tax (VAT)

VAT is a general consumption tax assessed on the value added to goods and services by every member of the European Union. All Non-European companies and proprietors, including institutions and partnerships, can claim a refund of VAT taxes paid. In order to be reimbursed, **original invoices and receipts** are required. Travel expenses may still be claimed based on the approved per diem for each country. However, all original receipts should be turned in, regardless of the amount. The University files for a refund of VAT on a yearly basis. WFU pays a fee for services to recoup the VAT taxes paid; therefore, the refund will not equal the full amount of the taxes paid.

Departments who turn in original receipts and invoices will receive a credit for one-half of the refund received.

e. Taxability of Reimbursements

Travelers who comply with the policies and procedures set forth in this manual, keep accurate daily records, obtain the required receipts, and submit signed expense reports to the University are not required to report and substantiate travel advances and reimbursements on their federal income tax returns. Nor is the University required to report the amounts of such advances or reimbursements to the Internal Revenue Service as income to the traveler. On the other hand, unsubstantiated advances and reimbursements may be reportable as income by the traveler, and the University under certain circumstances may have to notify the IRS of such payments on Form W-2, Wage and Tax Statement. If an advance and reimbursement are reported as income and the traveler claims a deduction for them, the IRS may disallow deductions claimed for travel expenses that are not adequately substantiated. It is therefore necessary that a traveler submit a signed expense report and appropriate receipts for each trip.

7. PERSONAL TRAVEL

a. Combining Business Travel with Personal Travel

The University does not provide reimbursement for personal expenses incurred while on official University business. If, for other than University business, a traveler takes an indirect route or interrupts travel from a direct route, reimbursement for transportation costs will be the lesser of the actual charge or the charge that would have been incurred by traveling the direct route. Any personal portion of the cost of a rental car will not be reimbursed.

b. Travel Expenses For Family Members

In general, the expenses of an employee's family members are not reimbursable. When family travel results in an economical airfare, such as a family plan or charter flight, the University will pay the lesser of the actual expense incurred or the standard coach fare for the employee's travel. If the traveler occupies a double hotel room with a family member, the University will reimburse the single occupancy rate. In certain cases, a spouse's attendance at professional

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functions or involvement in fund raising activities constitutes University-related activity. The University will accordingly pay for the properly authorized travel expenses of the family member in such cases, but the business purpose of the family member's travel must be clearly stated on the Expense Report. Prior approval from a Vice-President or Dean is required for all family expenses. In accordance with IRS regulations, unless the accompanying individual is an employee of the University, expenses of a spouse must be for a bona fide business purpose; otherwise, the expenses incurred for family may be taxable to the employee and reported on Form W-2, Wage and Tax Statement.

c. Special Travel

Travel by prospective employees to interview at Wake Forest, relocation of newly recruited personnel to Wake Forest, and field assignments for Wake Forest employees are considered Special Travel. Funds for Special Travel are limited by departmental budgets and the terms of sponsored projects. No commitment to reimburse such expenses should be made without first consulting the Dean, Vice-President, Department Chair, or Project Director, who is in a position to determine that funds are available and to authorize the reimbursement.

d. Interview Travel

Travel expenses in connection with employment interviews and recruitment are reimbursable when properly authorized. Expenses of a family member accompanying a prospective employee are also reimbursable if authorized by the school or department. Requirements or limitations in specific contracts and grants may be applicable to interview travel.

e. Relocation Expenses

Relocation expenses may be paid by WFU based on prior approvals. Faculty relocation expenses must have prior approval from the appropriate Dean and Department Chair. Staff relocation expenses must have prior approval from the Department Head and the Associate Director, Human Resources. Approved expenses may be reimbursed to the employee or paid directly to a moving company. An approved amount may be pre-determined and not based on actual expenses incurred. Nontaxable relocation payments made directly to third parties are not reported on Form W-2, Wage and Tax Statement.

Relocation expenses are broken down into two categories, listed below:

1. Deductible moving expenses are nontaxable:

- ◆ The IRS permits a standard mileage rate that is not taxable. WFU reimburses in excess of this amount. The excess amount is taxable to the recipient.
- ◆ Moving expenses of household and personal goods, including the cost of packing, crating, and transporting these goods for employee and members of the household.

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- ◆ Cost of storing and insuring household goods and personal effects within a period of 30 consecutive days between the move from the old home to the new home.
 - ◆ Costs of connecting or disconnecting utilities.
 - ◆ Cost of shipping your car.
 - ◆ Cost of shipping household pet.
 - ◆ Cost of moving household goods and personal effects from a location other than your former home (limited to the amount the cost would have been to move them from your former home).
 - ◆ Cost of transportation and lodging for employee and family members, including the day of arrival (meals are taxable).
 - ◆ Expenses for only one trip to your new home for employee and family members.
2. Nondeductible moving expenses are taxable and reported on Form W-2, Wage and Tax Statement for the year the reimbursement occurs.
- ◆ Any part of the purchase price of your new home.
 - ◆ Car tags.
 - ◆ Driver's license.
 - ◆ Expense of buying or selling a home.
 - ◆ Expenses of getting or breaking a lease.
 - ◆ Home improvements to help sell your home.
 - ◆ Loss on the sale of your home.
 - ◆ Losses from disposing of memberships in clubs.
 - ◆ Meal expenses.
 - ◆ Mortgage penalties.
 - ◆ Pre-move househunting expenses.
 - ◆ Real estate taxes.
 - ◆ Refitting of carpets and draperies.
 - ◆ Security deposits.
 - ◆ Storage charges, except those incurred in transit.
 - ◆ Temporary living expenses.
- f. Entertainment Expenses
- Entertainment expenses are expenses for ordinary and necessary business entertainment, including food, beverages, and social or recreational activities. The determination of what entertainment expenses are reimbursable is the responsibility of the appropriate Dean, Vice-president or Department Head or Chair. Entertainment expenses are paid in accordance with the procedures described above for travel expenses. All entertainment expenses should have receipts and include the following information:

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1. The amount of the expense.
2. The date and place the expense was incurred.
3. The business purpose of the expense.
4. Identification of the person(s) or group being entertained.
5. The business relationship of the person(s) or group entertained to the University.

8. CONTACTS

Questions regarding interpretation of Wake Forest's travel policies or requests for assistance in completing travel reports should be directed to Accounts Payable, Financial and Accounting Services, 758-5833 or 758-5183.

Policy accepted and approved:

Signature, Dr. Nathan O. Hatch

Date