



Governor's Highway Safety Program

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INTRODUCTION

- Policy Statement
- Objectives
- Applicability
- Definitions

Bulletin 3.4

(States mandate for travel regulations)

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.

Follow these steps

- 1) Travel Authorization
- 2) Use of proper forms prior to travel
- 3) Follow the general guidelines
- 4) Check if you are not sure



Travel Authorization

- Any travel requiring an overnight stay must receive prior authorization.
- Simple “permission to travel slip”
- All overnight hotel stays must;
- Be organized in advance with state government rates or conference rates which ever is lower.
- 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

GENERAL PROVISIONS

- IRS Requirements
- Reimbursable Expenses
- Reimbursement Process Overview
- Timeliness of Claims
- Travel Authorization
- Cash Advances
- Reimbursement of Taxes
- Documentation

IRS Requirements

- The State of Vermont must comply with the Internal Revenue Service (IRS) Accountable Plan rules; very generally, IRS rules require:
- There must be a business reason for the expense and the expense must be reasonable and necessary.
- The employee must substantiate and report the expense within a reasonable period of time.
- 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.

3 MAIN POINTS.....

- The State of Vermont reimburses employees for actual, reasonable and necessary travel expenses incurred in the conduct of official State business.
- 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.

Most Cost-Effective Option

ADDITIONAL GENERAL PROVISIONS

- Record Retention
- Records Available for Audit
- Direct Billing and Payment
- Individual Submission of Claims
- Third-Party Payments/Reimbursements
- Gifts from External Parties
- Traveler Rewards and Promotions

Travel – Key Points

- **Be familiar with GHSP travel policies and the Travel Manual**
 - Serve as your groups “champion” for understanding travel-related requirements
- **Understand your Agencies internal review procedures for travel-related requests prior to submitting to Travel/Complex Payments**
 - Drive consistency in your group
- **Refer to Financial Services’ resources and guidance related to the travel process:**
 - Travel Manual
 - Contact your program coordinator

Documentation

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.





If attending a conference include the conference brochure, agenda, etc. to substantiate the business purpose.

ROLES AND RESPONSIBILITIES

- Employee/ GHSP Affiliate Responsibility
- Expense Delegate Responsibility
- Supervisor Responsibility
- Expense Coordinator Responsibility

Travel – Roles and Responsibilities

- **Travelers:**

- Travelers shall be fully aware of all GHSP travel policies and procedures prior to traveling and expending funds on behalf of the State, and should conduct AOT business in compliance with these policies and procedures.
- Travelers conducting business on behalf of the State shall exercise good judgment and travel in a cost-efficient manner.

- **Coordinators:**

- Coordinators review and approve travelers' Travel Authorization and Travel Reimbursement Forms, along with any other travel-related forms requiring approval.
- The supervisor is responsible for ensuring that the employee's reimbursable travel expenses are for official GHSP business purposes, are justifiable and reasonable, and are adequately documented in accordance with guidelines in this Manual.

- **Business Managers:**

- Provide business process leadership within departments and facilitate understanding and adoption of University travel policies and practices.

Travel – Roles and Responsibilities

- **Department Heads:**
 - Department Heads are responsible for ensuring that its department's financial resources are managed in an efficient and cost-effective manner, including that travel expenses are consistent with the educational, research and professional needs of the State, as well as the mission and goals of GHSP.
- **Travel & Complex Payments department (“Travel Office”) and Purchasing Card Office:**
 - Units within the Controller's Office of Financial Services that facilitate travel and business expense payments for GHSP travelers and employees.
- **Additional Approvals:**
 - Depending on fund source for travel, additional approvals may be required for travel authorizations and reimbursement requests
 - Example: Grants & Contracts Administration (sponsored funds)

Travel – Travel Manual

- **GHSP Travel Manual:**
 - Guidance for business officers and other staff regarding payment for travel expenses incurred for GHSP business purposes
 - Developed in consideration of Internal Revenue Service (IRS), Office of State Budget and Management (OMB), and other applicable regulations and guidance
 - Updated periodically; latest version located on Financial Services website



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Travel – Overview

- **Travel plans should be approved in advance of the trip:**
 - Helps ensure that departments are aware of and have the necessary funds allocated to cover anticipated travel expenses
 - Travel Authorization Form facilitates this requirement
- **Timely Submission of reimbursement requests:**
 - Travel reimbursement requests should be submitted to the Travel Office within thirty (30) days of the return date
 - Any travel reimbursement requests submitted ninety (90) days or later after the return date will be taxable to the traveler

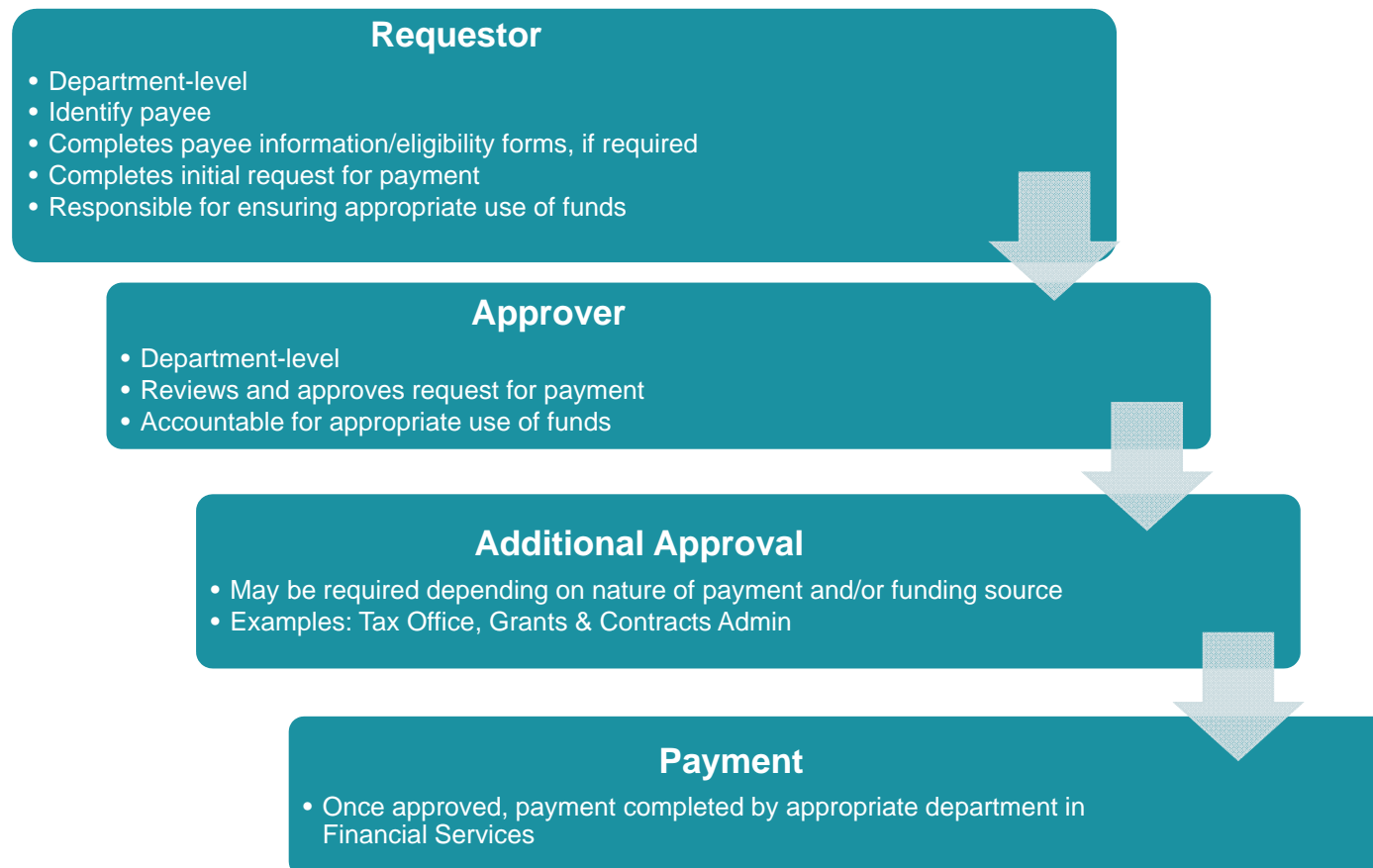
APRIL 2016

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
31	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	NOT ENOUGH SPACE TO PRINT A REMINDER OF WWW.VTGOVERNMENT.COM				19
20	21	22	23	24	25	26

Travel – Overview

- **Reimbursable travel must have official State of Vermont “business purpose”:**
 - Attending approved job related training
 - Working on behalf of or officially representing the GHSP(including conferences)
 - Providing a GHSP service upon a NHTSA request
- **Enables business expense payments without tax consequence to employees if plan is followed:**
 - Business purpose must be established
 - Expense substantiation – receipts
 - Specified period of time

Payments – Roles and Responsibilities





SELECT EXPENSE ITEMS

- Transportation
- Mode and Route of Travel
- Commercial Air Transportation
- Bus and Rail Travel
- State-Owned or Privately-Owned Vehicles
- Rental
- Vehicles
- Public Ground Transportation





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- Any unallowable expense items included on bills/receipts must be deducted and not submitted for reimbursement.
- 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.



- 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.

Mileage

Full GSA Rate- For mileage reimbursement claims when a POV is the most cost-effective.

Reduced GSA Rate- For Mileage reimbursement when POV is not most cost-effective and a state vehicle is reasonably available.

Most Cost- Effective Option- A department vehicle is ALWAYS to be considered first as the most cost-effective option.



Lodging

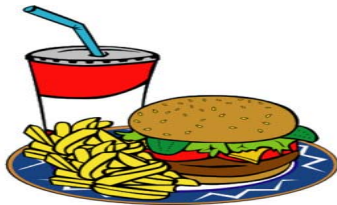
- Available for employees or affiliates on authorized travel requiring an overnight stay.



Meals

- Employees or affiliates on authorized travel are entitled to reimbursements for meals.

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



Additional ITEMS

- Registration Fees
- Miscellaneous Travel Expenses
- Unallowable Personal Expenses



What is a “complex payment”?

What is a “complex payment”?

- Scholarship
- Stipend
- Honorarium
- Prizes and awards
- Payments to independent contractors
- Dual-employment payments
- Food purchases
- Personal reimbursements (non-travel)
- Any payment to an individual classified as a foreign national / non-resident alien for tax purposes



Complex Payments – Concepts and Tax Implications

- **Worker classification:**
 - Should the worker be classified as an employee or independent contractor?
 - Determination must take place prior to performance of any services
- **VT 5.4% withholding:**
 - VT Statute requires withholding 2.7% of gross distribution. No withholdings for gross distribution less than \$200. 5.4% of redemption amount
- **Reportable payments:**
 - Form 1099-MISC must be issued for each non-employee person paid at least \$600 in the calendar year for “reportable payments”
- **Fringe benefits:**
 - A form of pay in addition to stated pay for the performance of services
 - Generally taxable unless specifically excluded by IRS

Travel – Discussion Questions

- 1. What travel-related topics are you unsure of or would like to discuss more?**
- 2. What is your department's internal process for reviewing travel-related requests prior to submitting to Travel/Complex Payments?**





Discussion / Wrap-Up



Contributors

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