JUDSON COLLEGE
POLICY REGARDING EMPLOYEE BUSINESS EXPENSES,
ADVANCES AND REIMBURSEMENTS

Effective December 12, 2000 the following provisions govern the advance payment and reimbursement of business expenses incurred by employees of the College.

1. For any expense to be paid in advance or following its incurrence, it must satisfy the Internal Revenue Service definition of "ordinary and necessary". While, technically, this term is based upon a factual examination of each particular expense in and of itself, in general expenses are held to be "ordinary and necessary" if they can be expected to arise in the particular business (in Judson's case, college operations) and are appropriate and helpful to the development or conduct of the business. In the case of travel expenses (transportation, meals, and lodging), they must also be incurred while the employee is away from the College for a period substantially longer than an ordinary day's work and reasonably requiring sleep. In the case of entertainment (business meals) expenses, they must be directly related or associated with the active conduct of the employee's job function and responsibilities.

2. For purposes of this policy, the terms "payment" and "paid" are used to refer to either an expense advance payment or a reimbursement following incurrence of an expense.

3. Commuting expenses between the employee's residence and the employee's customary College job site are not authorized for payment. Commuting expenses between the employee's residence and a College job site different from the employee's customary job site are authorized for payment, subject to supervisory approval. For example, if an employee who normally works in Elgin travels to the Rockford site, expenses incurred in traveling to Rockford are subject to payment if the expenses are considered "ordinary and necessary" and if the trip is approved by the employee's supervisor.

4. Expense advances will be issued, upon request, only for expenses amounting or anticipated to amount to at least $15 (fifteen dollars). An advance will not, however, be issued for any expense which can be processed through the normal purchase order process unless it can be substantiated by the requesting employee that an advance is more cost effective or process efficient for the College. Expense advances are available only through normal check processing in the Business Office except where a department has an authorized petty cash fund established for its sole use.

5. Except under extraordinary circumstances, expense advances will not be issued more than 10 (ten) calendar days prior to the expense incurrence or anticipated incurrence. Employees receiving expense advances must submit to the Business Office all proper

documentation relative to the expense within 30 (thirty) days of expense incurrence. Any excess amounts received must be returned to the Business Office with the documentation. Failure to comply with this requirement will result in the advance being treated as taxable wages paid to the employee and will subject the employee to appropriate disciplinary action. Depending on the circumstances, the employee might also be forced to forfeit the right to receive any future advances.

6. Except under extraordinary circumstances, all documentation supporting a request for expense reimbursement must be submitted to the Business Office with the payment authorization form within 30 (thirty) days of the expense incurrence. Failure to comply could result in the expenses being recorded in a subsequent fiscal year, loss of privilege of incurring reimbursable expenses, delay in reimbursement, and/or appropriate disciplinary action.

7. For purposes of this policy, proper expense documentation includes: individual expense amounts; date and place of any travel or business meals; business purpose of the travel or business meals; business relationship of any persons entertained (guests); termination points and miles driven for any personal vehicle use; and Judson account(s) to which expenses are to be charged. When a personal vehicle is driven, the employee must also submit a copy of the declaration page of his or her auto insurance and his or her current driver's license, unless these are on file in the Business Office and not over 6 (six) months old. Original (not machine copied) receipts must be provided for all expenses other than postage under $1.00, tolls, and tips. Credit card slips are not acceptable as documentation except where they contain the printed name and address of the vendor and sufficient detail listed in this paragraph to support and document the expense. ***Requests for reimbursement must also include the signed approval of the respective employee's immediate supervisor. In the case of the President, approval should be from a member of the Board of Trustees, if available. When a Trustee is not available, the College Controller or Vice President for Business Affairs may approve reimbursement requests.***

8. Business meals are subject to a test of reasonableness in consideration of the location and purpose of the meal. Notwithstanding this test, meal costs in excess of Internal Revenue Service standard per day amounts will not be paid without express approval of the employee's Cabinet representative. Such approval would be appropriate, for example, in situations where the employee does not have reasonable access to lower cost eating options; or, for example, where the conference the employee is attending provides a meal, which is more expensive. Currently the IRS daily rate is $35 except in high cost areas specifically designated by the IRS (Chicago, for example, has a high cost per day rate of $51). In no case will alcoholic beverage costs be paid. ***When a meal for more than one College employee is included on the same bill, the highest-ranking employee present should pay, and request any applicable reimbursement.***

9. Overnight accommodations (motels and hotels) are subject to a test of reasonableness in consideration of the location and purpose of the event, which the employee is attending. As a guideline, the per diem rates published by the federal General Services Administration will be used. Premium motels and hotels are to be avoided unless the event the employee is attending is held within such facility and, for business or total cost reasons, it is more prudent to spend the night(s) in that particular facility than in a lower cost facility.

10. Costs of laundry and dry cleaning are authorized for payment for business trips extending longer than one week. For trips combining business and pleasure, the business portion of the trip must exceed one week before laundry and dry cleaning costs are authorized for payment.

11. Illinois sales tax paid by employees will not be reimbursed except for purchases of food in restaurants. Out of state sales tax is reimbursable. Reimbursement of Illinois sales tax is allowed as long as the employee's Cabinet representative deems the payment or reimbursement appropriate and signs off on the form such approval.

12. Personal vehicle use is compensated at the standard per-mile rate for business use established by the Internal Revenue Service as adjusted each year. Reimbursed mileage is in consideration of all costs of vehicle operation--gasoline, oil, fluids, wear and tear on tires, brakes, and other parts, depreciation, etc. Payment beyond mileage is not authorized for parts repair or replacement even if worn out, damaged, or broken during the course of business use. Employees without current valid drivers licenses and employees failing to carry personal automobile insurance are not permitted to drive their vehicles on College business, and if they do so anyway, they will not be paid for their miles driven. Miles driven must be logged by the employee and will be verified utilizing appropriate electronic or printed authority. For trips that combine business with pleasure, mileage will be paid assuming a direct route from the College (or local residence) to the business destination and return. Traffic citations will not be reimbursed.

13. Airline travel will be paid at the coach or equivalent rate. For trips that combine business with pleasure, only the cost for flying directly between Chicago and the business destination will be paid.

14. When it is necessary to rent a vehicle while traveling, the cost of a compact vehicle will be paid by the College, unless it is substantiated that a larger vehicle is/was necessary. Under the existing Judson insurance policy, extra insurance offered by the rental agency is not necessary.

15. It is expected that most departmental purchases will be made through standard College purchasing procedures. On rare occasions, however, there could be situations in which it is prudent from a financial or operating point of view for employees to make purchases on their own of materials or supplies for

College use. Such purchases, excluding Illinois sales taxes, will be reimbursed.

16. The issuance of College credit cards is for the purpose of facilitating employee travel; and employees with frequent College travel schedules are issued such cards upon their request and the approval of their supervisors. College credit cards are not authorized for, and may not be used for the purchase of goods and services that are not part of travel expenses except that, in very unusual situations, when all other purchase options have failed, a Cabinet member may authorize, in advance, the purchase of goods and/or services using a College credit card. In conformity with paragraph 11, any Illinois sales tax charged to the College credit card, other than for purchase of food in restaurants, will not be borne by the College. Instead, the employee using the card is responsible for paying such tax by reimbursing the College within 30 (thirty) days of incurrence of the tax. ***The respective employee's immediate supervisor must approve all individual credit card invoices. In the case of the President, approval should be from a member of the Board of Trustees, if available. When a Trustee is not available, the College Controller or Vice President for Business Affairs may approve reimbursement requests.***

17. The College has established a petty cash fund in the Office of Student Accounts for the purpose of reimbursing employees for business expenses. A daily per-person limit of $75 (seventy-five dollars) for such reimbursements is permitted. This fund is not available for expense advances.

18. All questions regarding this policy should be directed to the Director of Accounting or the Vice President for Business Affairs who are responsible for its interpretation and implementation.

19. This policy is affirmed in response to the Judson College Strategic Plan, specifically Operational Objective III.1.b. and Strategic Initiative VII.3.

Approved by the Cabinet: December 12, 2000
(Revised: July 1, 2005)

For the Cabinet:

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Laine E. Malmquist
Vice President for Business Affairs