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GENERAL POLICY:

The Lake Superior State University Travel & Business Expense Policy is intended to provide information and guidance regarding University travel, entertainment and/or other reimbursable business expenses. The purpose of this policy is to establish rules and regulations governing the reimbursement for University travel and related business expenses. University personnel may request reimbursement or payment of expenses only if they are **reasonable and necessary** expenses (as defined within this policy) incurred in connection with the business of the University. University business may include, but not limited to, support of instruction, research, student service, professional development, University advancement and general University operations.

The following policy applies to all University expenses regardless of the source of funds. When expenditures are funded by a grant or contract, the use of funds is governed by the most restrictive set of procedures; grant, contract or University policy. More restrictive policies may be set at the department or school level. However, it is the responsibility of the department or school to document, communicate, and enforce any restrictions imposed.

The following procedures are outlined in general terms to allow reasonable flexibility. They are not expected to cover every potential situation. Expenditures of an unusual nature should be documented when seeking reimbursement or payment. Whenever possible, such expenses or items should be discussed with Business Operations in advance. The Vice President of Finance and Operations is responsible for final determinations on reimbursements covered under the scope of this policy.

Lake Superior State University has limited resources to accomplish its mission. **Responsible discretion and judgment should always be used when expending University funds.**

IRS REGULATIONS:

IRS regulations require that employers have an "[Accountable Plan](#)" for the reimbursement or payment of business expenses for employees. An "Accountable Plan" must include requirements for [proper substantiation](#), a bona fide business connection and a timely return of funds advanced in excess of expenses. Per IRS regulations, 60 days after travel has occurred payments not

meeting these requirements are taxable wages to the individual receiving the funds and the University must pay applicable payroll taxes on these amounts. Consequently, the University will only reimburse individuals for expenses which meet the requirements of an "Accountable Plan".

STATE TAX EXEMPTION

Lake Superior State University is recognized as a tax-exempt entity under Section 3 of the Michigan Sales and Use Tax Exemption Certification. All University representatives are required to present a sales tax exemption certificate when purchasing goods and services that fall under the scope of this document within the State of Michigan. No reimbursements will be issued for sales & use tax in the State of Michigan unless it can be determined that reasonable effort was taken to have the sales tax removed from the purchase price.

DEFINITIONS:

Business Expense - Any reimbursable expense that is ordinary and necessary to conduct business at the University, and is not considered a travel expense.

Business Meal - Meals taken with students, colleagues, donors, individuals or entities conducting business with the University or seeking to conduct business with the University when specific business discussions or actions take place.

Business Hosting – situations that arise in which employees of the University serve as a host for non-employee guests of the institution or for a non-employee group, paying for expenses such as meals, lodging and transportation. Official guests of the institution might include recruitment candidates, visiting dignitaries, potential donors, or guest speakers.

Domestic Travel - Any travel occurring within the borders of the United States and its territories.

Entertainment Expense - Any reimbursable ordinary and necessary cost incurred to engage in activity generally considered to provide entertainment, amusement, or recreation. Includes meals provided to a customer or client when not considered a business meal.

Foreign Travel - Any travel occurring outside the borders of the United States and its territories.

Group Educational Travel - Travel that involves 5 or more students who are actively engaged in learning activities for the duration of the travel. Examples include course-related trips, study abroad programs, and educational-related conferences and competitions.

Per Diem - A daily allowance for expenses based on a fixed amount per day to cover the cost of lodging and/or meals and all related taxes and gratuities as incurred. For domestic travel, per diem rates are established by the U.S. General Services Administration (GSA). Foreign rates are established by the U.S. State Department.

Reasonable Expenses - An expense may be considered reasonable if the nature of the goods or services acquired or applied, and the amount involved therefore, reflect the action that a prudent person would have taken under the circumstances prevailing at the time the decision to incur the cost was made. Major considerations involved in the determination of the reasonableness of a cost are: (a) whether or not the cost is of a type generally recognized as necessary for the operation of the institution or the performance of a sponsored agreement; (b) the restraints or requirements imposed by such factors as arm's length bargaining, Federal, State, & Local laws and regulations, and sponsored agreement terms and conditions; (c) whether or not the individuals concerned acted with due prudence in the circumstances, considering their responsibilities to the institution, its employees, its students, the State of Michigan, and the public at large; and, (d) the extent to which the actions taken with respect to the incurrence of the cost are consistent with established institutional policies and practices applicable to the work of the institution.

AUTHORIZATION TO TRAVEL:

Individuals traveling for in-state, out-of-state, and international University business must receive approval from their department supervisor and/or other appropriate University official(s) prior to incurring any expenses. All travel requests must be pre-approved by using the [LSSU Travel Authorization Form](#) or a similar departmental process. Failure to receive pre-approval to travel may result in non-reimbursement of expenses incurred. It is the responsibility of the approving official(s) to ensure that sufficient funds are available to cover all necessary travel expenses.

TRAVEL ADVANCES:

A travel advance is an authorized payment (via check or direct deposit) by the University to an individual in support of anticipated travel expenses for University business. Employees are strongly encouraged to utilize their University Purchasing Card for allowable travel expenses, with the exception of per diem meals (see “meals” section under “Travel Expenses”).

Travel advances are considered loans that must be repaid by completing a LSSU Travel Expense Voucher. Any unused amount must be returned to the University within 30 calendar days upon return from travel via the Fletcher First Stop. Cash advances will not be issued to individuals who have an outstanding travel advance with the University.

Employees may request a travel advance if they meet any of the following qualifications:

- a. They anticipate having more than \$2,500 in eligible expenses.
- b. They will be traveling more than 30 consecutive days or traveling outside the United States.
- c. They plan to incur expenses for group educational travel, athletics team travel, or Upward Bound programming.

Eligible employees may request a travel advance by contacting Accounts Payable not more than 30 days prior to the date of departure of the anticipated travel. 4 business days' notice is required for all travel advance requests.

TRAVEL EXPENSES:

Travelers may charge all travel-related expenses to an existing personal credit card, University P-Card or they may obtain a travel advance. **Travel meals (per-diem) may not be purchased on a University P-Card.** Requests for eligible travel reimbursement should be made no more than 30 days after completion of the trip.

Commercial Airlines

Airfare is required to be booked (recommended 14-120 days prior to departure) at the lowest economy or coach class available at the time of booking. Time en route may be used as a factor in determining the lowest fare available. The passenger's ticket receipt or e-ticket itinerary must be submitted when requesting reimbursement. Airfare will not be reimbursed until after the trip has been completed.

The University will not reimburse for air travel insurance or other personal trip insurance. Travelers may purchase refundable tickets when necessary in the best interests of the University. Any tickets refunded must be submitted to Accounts Payable no later than 30 days after cancellation.

One piece of checked baggage at standard weight or below will be reimbursed for all airline travel. In the event that charges are incurred for overweight baggage or more than one piece of baggage is needed, the traveler will be responsible for any additional fees above the cost of one standard weight piece of baggage.

Use of foreign-based carriers is restricted on sponsored programs and travel paid for using federal funds. The [Federal Fly America Act](#) mandates that travel sponsored by the Federal government must be on U.S. airlines or a foreign air carrier that code shares with a U.S. Flag carrier on the flight taken. This includes flights within the U.S. If there is no U.S. carrier to your destination, you must travel on a U.S. carrier as far as possible. By law, additional cost for U.S. carrier flights is not sufficient justification to fly on foreign carriers. Please note that the same rules apply to a foreign visitor's flights.

The University will permit the benefits of airline frequent flyer programs accrued from travel paid for by the University to accrue to the traveler. Travelers are encouraged to apply these benefits toward future University travel.

The reimbursement of in-flight charges for access to the Internet, phone, or other similar charges are not allowed unless travelers can show that incurring these additional expenses provide a greater benefit to the University than accessing these services pre- or post-flight at no charge.

Charter Aircraft

Chartered flights may only be authorized by the University president when it is the most economical means of travel in comparison to other modes of transportation. Transportation by aircraft owned or leased by employees of the University is strictly prohibited.

Ground Transportation

Taxis, buses, shuttles, subways, etc. are reimbursable at full fare for University business. Travelers should incur the lowest reasonable ground transportation cost that meets business needs.

Rental Vehicles

The use of rental vehicles is limited to situations where other ground transportation is either not available or is impractical. The University will reimburse expenses for economy or midsize vehicles only. Reimbursement will be at the full rental agency rate. Physical damage insurance must be taken when renting the vehicle. Liability insurance is provided by the University and should not be purchased.

Please note: When signing the rental contract, the employee must sign his/her name and Lake Superior State University to ensure the University has an insurable interest in the transaction.

Motor Pool Vehicles

When traveling by automobile, it is recommended that travelers use University Motor Pool vehicles for trips over 100 miles. The LSSU Physical Plant assigns Motor Pool vehicles in order of travel request and vehicle availability. Please review the motor pool [rates](#) and [procedures](#) pages for more information. Vehicles may be reserved by calling extension 2617 or by using the online motor pool [request form](#).

All personnel traveling by use of Motor Pool vehicle should be aware that trips are billed 'per mile'. All gasoline, oil and repairs must be charged to the Fleet Fuel card located in each vehicle. It is strictly prohibited to use a motor pool vehicle for personal use.

Personal Vehicles

When travel by automobile necessitates the use of the traveler's personal vehicle, the traveler will be reimbursed at the IRS-approved mileage rate as communicated by LSSU Business Operations each year.

Mileage must be calculated from the place of employment to the travel destination as the University will not reimburse mileage for commuting from the traveler's home to place of employment. All mileage reimbursements will be calculated using Google Maps. Vicinity mileage within the Sault Sainte Marie, Michigan city limits will not be reimbursed unless expressly authorized under special programs such as grants.

Personal vehicles may be used in lieu of commercial airline travel. Mileage will be reimbursed at the established current rate but should cost the University no more than the commercial coach/economy airline fare. Vicinity mileage within the travel destination area is an allowable expense and must be properly documented in order to be reimbursed.

The vehicle owner's insurance policy will always provide the primary liability coverage when travelling using a personal vehicle. The University will not provide reimbursement for any deductibles or repairs in the event of an accident or breakdown.

Expenses incurred for gasoline, repairs, towing, etc. are included in mileage allowance and are not reimbursable. Expenses incurred for parking, bridge fare and tolls are reimbursable and limited to the actual amount paid. Any fine or charge for a violation of public policy (such as a speeding ticket, parking violation, etc.) is not considered a reimbursable expense.

Meals

Reimbursement for individual meals will not exceed the [maximum per diem allowance](#) as listed by the U.S. General Services Administration (GSA). The University does not reimburse for the amount listed as 'incidentals'. To comply with IRS guidelines, the per diem rate for each calendar day is determined by the location where lodging is obtained for that night. On the last day of travel (day returning home), the Sault Ste. Marie per diem rate must be claimed.

Reimbursement for meals included in a conference or meeting fee is not allowed. In accordance with OMB Circular A-21, the University will not reimburse for alcoholic beverages.

The University defines meal times as: breakfast, 8 a.m.; lunch, noon; and dinner, 6 p.m. To be reimbursed for any particular meal, travel must include a period of two hours prior and two hours after the designated meal time. *For example, reimbursement for lunch expenses will occur only when a traveler is on travel status from 10 a.m. to 2 p.m. (two hours before and two hours after the designated lunch time).*

Any travel meals reimbursed that do not include an overnight stay will be taxable to the employee. The value of the meal will be added to the next payroll cycle for

that employee and appropriate taxes withheld. This is necessary in order to comply with IRS regulations. Even if a traveler leaves one day and returns after midnight of the next day, same-day travel status applies unless the traveler has incurred overnight lodging.

Lodging

The University will reimburse lodging expenses for:

- a. Trips of 250 miles or more (round trip).
- b. Overnight stays required as part of an approved University business-related event.
- c. As permitted for faculty teaching at Regional Centers.

Actual lodging expenses, as evidenced by an original receipt, are reimbursable. A credit card receipt showing only the total amount charged at the hotel is not sufficient. Every effort should be made to ensure that lodging costs are reasonable and appropriate.

All University employees traveling on University business must request the "government" rate when making hotel reservations and confirm the "government" rate upon check-in. If the "government" rate is not available, travelers should select the least expensive option available, taking into consideration proximity to the business destination and safety. Travelers must also present a sales tax exemption certificate upon check-in to the lodging establishment.

The maximum single room rate will be reimbursed when a University traveler shares lodging with a non-University person.

Room service expenses are reimbursable in accordance with the per diem allowance. In-room internet expenses are allowable when deemed necessary for conducting University business.

Conference Fees

Registration fees for conferences, seminars, etc. will be reimbursed as evidenced by a registration confirmation or paid receipt. Additional fees for non-business and/or spousal activities associated with the conference, such as golf or tour events, are not reimbursable.

Miscellaneous Expenses

Airline/hotel cancellation and change fees will be reimbursed. The traveler must note the business reason for the change on the LSSU Travel Expense Voucher when requesting reimbursement.

Telephone calls and facsimiles made for business purposes are allowable and must be listed separately on the LSSU Travel Expense Voucher. Dates, company names and names of persons called must be identified.

Reasonable expenses incurred for handling, storage and checking of baggage (non-airline) are allowed.

Personal expenses, such as, valet service, entertainment, personal phone calls, etc, will not be reimbursed.

Non-meal related tips will not be reimbursed.

BUSINESS MEALS & HOSTING:

Business Meals

Business meals are those taken with guests, colleagues, or donors, during which focused, specific business discussions take place. University representatives may be reimbursed up to the maximums listed below for approved, necessary, and reasonable business meal expenditures.

It is recommended that business meal expenses follow GSA per diem limits, however, reimbursement will not exceed \$20.00 for breakfast, \$20.00 for lunch, and \$40.00 for dinner. All business meal expenses that exceed per diem limits require a valid explanation for why the increased amount is necessary, as well as Vice President approval. Any amount exceeding per diem limits cannot be charged back to federal grants. Exceptions include:

- a. Recruitment activities related to faculty and staff: the University will reimburse the prospective candidate, upon the submission of itemized receipts, for all meals purchased while on campus for an interview, not to exceed the maximum GSA per diem rates. The University will allow the purchase of one meal for the candidate and up to two search committee members, not to exceed the business meal maximum rates listed above. Reimbursement for additional search committee members interviewing senior-level administrators (President, Vice Presidents, etc.) will be allowed at the discretion of the President or LSSU Board of Trustees.
- b. Recruitment activities related to athletics must follow all NCAA guidelines, as well as all institutional policies.
- c. Development activities (Foundation) involving the hosting of donors: reimbursement for meals and alcohol will be at the actual amount incurred. The expense must be reasonable for the type of activity taking place.

Reimbursement requests must include a receipt with the guest's name, company name, and business purpose of the meeting.

When business meals include multiple University employees, it is recommended that the expenses be paid, via a single reimbursement request, by the most senior University employee present. *Note: When several employees are on travel status and dine together, the fact that they are dining together does not constitute a business meal and should not be paid as a business meal (all attending should pay their share). Since each employee is on travel status, each would have a per diem available and will be reimbursed accordingly. The purpose of the meal in this case is not to conduct business, and is not a business meal.*

Meals for University employee groups are reimbursable only with appropriate Vice President approval and documentation.

Alcohol cannot be expensed to any fund other than the Foundation.

Business Hosting

Reimbursement is permissible for approved University travel and business hosting expenses of guests, such as prospective faculty, staff, and students. *Note: it is each department's responsibility to inform any non-employee about the University's travel and business hosting policies and procedures prior to the non-employee's visit.*

When business hosting includes multiple University employees, it is recommended that the expense be paid, via a single reimbursement request, by the most senior University employee present.

EXPENSE RECONCILIATION:

LSSU Travel Expense Voucher

All reimbursement requests for travel expenses must be submitted on the [LSSU Travel Expense Voucher](#). The attendees, purpose and dates of the trip must be clearly stated. Submit the completed form and required receipts to Business Operations. Any unused travel advance funds must be returned with the completed LSSU Travel Expense Voucher and required receipts to Business Operations. *Do not send cash in the mail.*

University guests and students should also use the LSSU Travel Expense Voucher to request reimbursement of travel expenses. The completed form must be approved by appropriate Vice President or as specified in a contractual arrangement.

LSSU Local Fund Voucher

All reimbursement requests for non-travel business expenses, such as hosting, must be submitted on the [LSSU Local Fund Voucher](#) or University Purchasing Card. Proper substantiation (people, place, time, reason, etc.) of the expenses must be included in order to be reimbursed.

Settlement Date

The LSSU Travel Expense Voucher or LSSU Local Fund Voucher should be submitted at the earliest practical date after return from the trip or business event, but within 30 calendar days. Reimbursements after 30 calendar days must be approved by the Vice President of Finance & Operations. All reimbursements issued over 60 days from the date of travel will be reported to the IRS as taxable income.

Required Receipts

Receipts are required for all expenses, except:

1. Travel meals when claiming per diem.
2. Tolls for the Mackinac and International bridges.
3. Metered parking

A proper receipt shows the itemized description of the items purchased, the date of purchase, the amount paid, and the method of payment. Receipts must contain appropriate detail, including starting and ending destinations, hotel charges, and detailed item charges.

Only actual business expenses incurred, supported by the required original receipts may be submitted for reimbursement. Any extenuating circumstances resulting in altered travel plans or unusual expenses must be clearly explained on the LSSU Travel Expense Voucher. Any questionable claims, non-compliant requests, or alterations of receipts may result in the form being returned to the requester for explanation, deductions from the requested reimbursement amount, and/or approval by the appropriate Vice President.

Foreign Currency

Expenses must be expressed in U.S. dollars with the foreign exchange rates applied or currency difference identified where necessary. The LSSU Travel Expense Voucher total must be stated in U.S. dollars.

CANCELLED TRIP:

If an approved trip is cancelled and a travel advance was issued, the original check or a personal check/money order must be returned within 30 days to Business Operations for deposit.

Airline tickets already purchased are generally subject to airline/travel agency return regulations. Cancellation fees charged by the airline/travel agency are eligible for reimbursement. The traveler should note the business reason for the change on the LSSU Travel Expense Voucher when requesting reimbursement. When reimbursement is received for the cancelled trip, the traveler must reconcile this credit no later than 30 days with Business Operations.

INSURANCE

Detailed information regarding University insurance policies and coverage information for travelers can be obtained by contacting LSSU Human Resources.

University Vehicles

All University vehicles are insured for vehicle liability (including Michigan No Fault coverage) while being driven anywhere in the U.S. or Canada. Coverage is extended to anyone driving these vehicles with University permission.

Personal Vehicles

Employee personal vehicles are not insured for vehicle liability by the University while being driven on University business. The vehicle owner's coverage is primary and is usually subject to specific deductibles. Employees who utilize their own vehicle for travel are covered for injuries under worker's compensation.

Rental Vehicles

Rental vehicles are covered under the University's liability policy. All terms and conditions of the vehicle rental agreement should be read and followed, particularly concerning authorized drivers. Violations of the agreement or driving regulations may render the University responsible for any damages.

ACCIDENTS AND EMERGENCIES:

Accident Reports

In addition to those actions normally required in the event of an accident, the driver of any vehicle on University business should report the accident to his/her supervisor and Human Resources. Accidents involving serious personal injury or vehicle damage should be reported to LSSU Public Safety.

When another vehicle is involved in the accident, obtain that driver's insurance company name and address. Also obtain the names, addresses and license plate numbers of potential witnesses, if possible.

Reporting Illness or Emergency

In cases of serious illness, accident or emergency that occur while traveling on University business, the traveler should notify his/her supervisor immediately. If the supervisor cannot be reached, please contact Human Resources or LSSU Public Safety.

It is the responsibility of all travelers to inform his/her supervisor of any appropriate contact information while traveling on University business.