

ROMAN CATHOLIC DIOCESE OF SAN DIEGO

EMPLOYEE TRAVEL AND EXPENSE REIMBURSEMENT GUIDELINES

Introduction

These guidelines relate to business travel, hospitality and meetings.

As personnel of a nonprofit charitable religious organization, all of us must exercise proper stewardship and care in the efficient use of all of our resources. Our accountability extends beyond our supervisor or department, to donors, parishioners, diocesan offices and the Internal Revenue Service. All expenses by Pastoral Center, parish and school employees need to be necessary, reasonable, business related and properly documented to be reimbursed.

These guidelines are intended to provide clear guidance regarding travel and other reimbursable employee expenses. It is not possible to cover every situation or circumstance; therefore, employees are expected to exercise reasonable judgment when confronted with an unusual or extraordinary situation.

All reimbursable expenses require appropriate documentation and approval of the employee's supervisor. (Pastors may approve their own reimbursements for expenses in accordance with their parish budget and diocesan policy.)

The IRS requires that the employer keep the following information for business expenses that are reimbursed:

1. The date and the amount of the expense.
2. The place of the travel, meal or transportation.
3. Nature of the event (breakfast, lunch, dinner, etc.)
4. The business purpose of the expense.
5. The business relationship of the people related to the expense (e.g., names, titles, company name, if applicable)



This information should either be directly noted on the receipt, or listed in the description section of a manual expense report form, or input into the Union Bank Expense Report. If this information is not provided, the expenses could be classified by the IRS as taxable income to the employee. Expenses should be submitted within 60 days and excess reimbursement, if any, should be returned within 120 days. In addition, reimbursement requests for all business meals must include the detailed restaurant receipt, not just the summarized credit card holder's receipt. The detailed receipt will show the actual menu items purchased, not just the total amount due. Some restaurants may not provide detailed customer receipts; however this should be an unusual exception. In those rare occasions, make a note of this fact on the credit card or other receipt submitted for reimbursement. A lost detailed receipt must be treated the same as a lost receipt (see "Lost Receipts" section at the end of the guidelines).

Failure to attach proper documentation for all expenditures may lead to reimbursement delays. Employees will not be reimbursed for undocumented or improperly documented expenses.

Expense reports or employee credit cards must **never** be used to pay the following:

1. Independent contractors
2. Individuals performing a service (casual labor)
3. Stipends
4. Refunds
5. Parking tickets and/or traffic violations

Air Travel Expenses

When commercial air travel is required for business meetings or conferences, staff members must first obtain pre-authorization of the expense from their supervisor. Air travel expense shall be reimbursed at the least expensive coach fare routing. The traveler may retain any frequent flyer program mileage earned from the trip; however, extra costs must not be incurred due to airline and/or route selection that optimizes mileage programs. Air travel should be planned well in advance to take advantage of advance purchase fares.

Acceptable forms of air travel reimbursement documentation include original airline receipts or printouts of internet receipts accompanied by a copy of a credit card statement to verify payment. Air travel receipts must indicate the cost, passenger's name(s), business purpose(s) and full travel itinerary of the trip.



Other air travel costs: A staff member may choose to use accumulated airline program miles to upgrade to a higher class of travel (e.g. business class or first class); however, any upgrade fees *will be considered personal and non-reimbursable*. If the airfare cost doesn't include charges for a checked bag those costs are reimbursable.

Extra costs of in-flight entertainment and alcoholic beverages are *personal and non-reimbursable expenses*. Extra charges for in-flight snacks or meals may be reimbursed if they substitute for the cost of a meal that would otherwise have been incurred. Fees for internet access, early boarding privilege and extended legroom coach seat charges are acceptable subject to supervisory approval if justified by a legitimate business purpose.

Combined personal/business trips: When a personal trip is combined with a business trip, only the lowest cost coach airfare to and from the business destination will be reimbursed. Extra costs caused by the personal leg(s) of the trip are personal expenses and therefore *will not be reimbursed*. The traveling staff member must submit documentation of both the actual fare including the personal leg(s) and the lowest cost round-trip coach airfare alternative, including an explanation, with their approved expense report in order to receive reimbursement for the business portion of the trip.

Travel costs for a spouse or other family member to a business event is personal and non-reimbursable unless a pre-approved business reason for their attendance at the event exists. For example, "networking with other spouses" is not a legitimate business purpose; however, if the spouse has business role, such as a presenter, the travel expense may be reimbursable.

Unused tickets and change fees: If a trip is cancelled or rescheduled, often the airlines charge extra fees or will not refund the advance purchase ticket price. Subject to supervisor approval, schedule change fees may be reimbursable if the schedule change resulted from a business related reason. Unused, non-refundable airfare must be retained and used to offset the cost of a future business trip. If the unused airfare resulting from a cancelled trip is refundable, the traveling employee is responsible for requesting a refund from the airline and returning the cash to the location when received.



Hotel/Lodging Expenses

Hotel/lodging reservations must be pre-approved by the employee's supervisor. Whenever possible, employees should book their reservations at mid-range or moderate hotels, not high-end or luxury properties. An allowed exception would be to stay at the hotel where the conference or meeting is being held. The approved reasonable actual room and tax charges incurred on a business trip are reimbursable.

Hotel/lodging expense reimbursement requests must be made through an expense report including appropriate documentation. Originals of hotel bills must be submitted for reimbursement. Internet receipts for on-line hotel reservations are not acceptable documentation because rates and/or length of stay may change. Detailed hotel check out statements submitted must indicate the cost by category (room, tax, other), dates of stay, business reason(s) and the traveler's name(s).

Hotel incidentals: Hotel charges for incidentals, such as mini-bar usage, laundry, in-room movies and games, spa services, green fees, merchandise purchases and bar tabs charged to the room are *personal and non-reimbursable*. Reasonable costs for room service charges, internet service access charges, parking and phone charges may be reimbursable if the business reasons are documented and these costs are specifically approved by the employee's supervisor.

Rental Cars and Other Travel Expenses

Ground Transportation: Employees who are required to travel away from San Diego on business may request the use of a rental car at their destination provided the rental is the most economic means of transportation available. In some situations hotels provide free courtesy shuttles, and in other situations public transportation, Uber, Lyft, hired cars or taxis may be more economical than renting a car. When considering the economics of renting a car consider all of the costs involved, including the rental fees, taxes, hotel parking, and fuel costs.

Always make advance reservations and use the internet (e.g., www.rentalcars.com, www.sidestep.com, or similar) to shop around for the best rental car rates. The use of a sub-compact, compact, economy or mid-size car may be reimbursable if approved. Full-size cars, and mini-vans should only be rented when 3 or more employees are traveling together. Luxury-class, SUV and sports cars may only be rented if the rental agency offers a free upgrade due to lack of



inventory in the car class reserved. Any extra costs involved in rentals of luxury-class, SUV or sports cars *will not be reimbursed*. Large 10-15 passenger vans may not be rented for church or school business under any circumstances due to safety concerns and insurance exclusions.

Car rental insurance: Any car rental insurance options offered – liability, property, loss damage waiver (LDW) and/or collision damage waiver (CDW) coverage - should be declined. Diocesan locations have blanket auto protection for this and paying extra for the coverage is an unnecessary cost.

The only exception to rental insurance waiver is international travel. When renting a car in Mexico or another foreign country is deemed necessary and approved, rental car insurance must be purchased to be adequately insured. The cost of such foreign insurance coverage is a reimbursable expense provided the staff member submits proper documentation. The Church does not carry special blanket insurance policy for operating a vehicle outside of the United States.

Furthermore, anytime an employee or volunteer is required to use their personal vehicle for business in Mexico, they must stop before crossing the US border into Mexico to buy Mexican liability auto insurance with the lowest coverage limit for the duration of their trip. The cost of required Mexican auto insurance is reimbursable if business-related and properly documented.

When renting a car is necessary, select the self-refueling option, which is more cost effective. Refill the rental car's gas tank to the level provided at inception of the rental term before returning it to the rental agency.

Airport parking: Long-term on-property airport parking is discouraged due to the relative high costs. As an alternative, use shuttles, Uber/Lyft or park-and-ride lots when possible. Transportation to and from an airport in a staff member's personal vehicle is reimbursable so long as the mileage cost plus airport parking does not exceed the cost of available commercial transportation.

Insurance requirements: Staff members who use their personal vehicle for business must comply with the following:

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1. They must carry at least at least \$100,000 per person/\$300,000 per accident automobile insurance coverage at all times.
2. They must maintain their vehicle in safe operating condition.
3. They must complete the Catholic Mutual Group's Defensive Driving Curriculum. Results are automatically recorded and no further steps are needed to verify one's completion.

In the event of an accident occurring during a business-related trip involving an employee's personal vehicle, the employee's personal automobile insurance shall be primary.

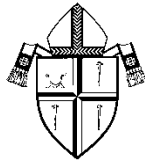
When requesting reimbursement for mileage, employees or volunteers must itemize each trip, noting the beginning and ending locations, the number of miles driven and the business purpose for the trip. In addition, no reimbursement will be provided without having completed the CMG Connect Defensive Driving curriculum.

When an employee is required to use a Church-owned vehicle, she/he must have the appropriate license and keep documentation for reimbursement of gasoline, oil, regularly scheduled maintenance and necessary repairs. Expense for personal use of a Church vehicle are the exclusive responsibility of the employee and all personal use is considered taxable income to the employee, which is reportable to the IRS under existing IRS regulations.

Meal Expenses

Meals incurred while traveling away: The cost of meal expenses incurred when an employee is required to travel on approved business is reimbursable. Only those meals that fall within the travel period will be reimbursable, and the cost of such meals should be reasonable and prudent. This is subject to good judgment and approval of the traveling employee's supervisor.

Meals incurred in the Diocese: When an extended workday (e.g. working well past a normal 8 hour day) requires the employee to purchase additional meals away from home, the reasonable cost of such meals is a reimbursable expense.



Certain employees may, from time to time, be required to hold meetings that include a meal when conducting business with other employees, board members, donors, or other outside business associates. The reasonable cost of meals required for legitimate business purposes is a reimbursable expense provided the employee submits all of the proper documentation as listed above. It is very important to document attendees' names and accurately describe the business purpose of the meal on the employee's expense report. For example, "staff meal" is not acceptable, but "Meeting with Ms. Jane Doe regarding church bulletin printing costs" would be appropriate.

Local restaurant expenses, including food catered to the work location, are generally not reimbursable when only employees are involved except for certain limited situations pre-approved by the supervisor. These limited situations include recognizing an employee's (or employee group's) performance or working on an extended work day.

Frequently, conference fees include certain planned group meals. If an employee should choose, due to personal taste, to incur extra cost to purchase a meal in replacement of a conference meal, the extra cost is a personal, *non-reimbursable expense*. The cost of only one meal for the same person at the same time will be covered.

Gratuities

Tipping should be appropriate, customary and reasonable based upon the type and quality of service received. Tips exceeding the acceptable reasonable guidelines below will be considered a personal expense and *will not be reimbursed*. Remember, that we rely upon the goodwill of parishioners, many of whom their contribution is a great sacrifice.

Reasonable tips (suggested guidance depending upon service quality):

Airport Sky Caps, Porters: \$1 per item of luggage

Taxi Drivers: 15% of the fare

Hotel Bellhops: \$1 per item of luggage

Parking Valet: \$2 per car parked

Restaurant Servers: 15% of the bill



Staff Recognition

Gifts: Generally, the cost of a gift (e.g. birthday gifts, baby shower gifts, etc.) are personal and non-reimbursable.

Recognition Awards: The pre-approved reasonable cost of recognition awards to volunteers and employees is reimbursable provided that the awards would not affect the honoree's taxable income. IRS regulations require all tangible objects given as recognition awards valued in excess of a nominal value (generally \$50) to be reported as taxable income to the recipient employee or volunteer. All monetary awards must be paid through payroll. At the Diocesan Pastoral Center all staff recognitions are handled by Human Resources.

Celebrations: Expenses for the celebration of a specific event such as a birthday or retirement may only be reimbursed if the event is budgeted, approved and customary. At the Diocesan Pastoral Center celebrations are handled by Meeting and Event Services.

Lost Receipts

On rare occasions employees may lose or misplace the receipts necessary for documenting expense reimbursement. When this happens, the employee requesting reimbursement must prepare a written substitute receipt, including all of the following information:

- Transaction date
- Vendor name
- Business purpose of expenditure
- Detail of all items/services purchased
- List of all attendees if meals & entertainment
- Reason for substitute receipt (original lost, stolen, destroyed, etc.)

The substitute receipt must be signed by the staff member requesting reimbursement and approved by their supervisor.