



# Travel and Business Expense Policy

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<b>Policy Owners:</b>	Assistant Vice President for Finance and Controller
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## Policy Statement

Whitman College recognizes the importance of good stewardship of its resources, in addition to compliance with applicable federal and state laws, including IRS tax regulations. College employees will incur expenses on behalf of the college while conducting college business. This policy defines what an allowable expense is for business purposes and provides guidance in regards to travel-related expenses, when an expense may become a taxable fringe benefit to the employee, reimbursement of business-related expenses, policies surrounding the use of the college's purchasing cards, and employee responsibilities.

## Reason for Policy

The purpose of the Whitman College Travel and Business Expense Policy, and its associated procedures, is to establish guidelines for employees. These guidelines should provide employees with a reasonable level of flexibility, and provide the college with the mechanism to track, monitor, and control expenditures.

## Who Should Read This Policy

All employees (including staff, faculty, and students) who expect to incur expenses on behalf of the college while conducting college business, or who anticipate

submitting a request for reimbursement from the college, or who anticipate using a college-issued purchasing card, or who request that the college pays an expense on their behalf.

## I. GENERAL EXPENSE POLICIES

### ● CRITERIA FOR DETERMINING AN ALLOWABLE EXPENSE

In order to be paid directly by the college or reimbursed to an individual, a business expense must be:

- Necessary
- Reasonable
- Appropriate
- Allowable

An expense is **necessary** if there is a valid business purpose required to fulfill the mission of the college. The primary beneficiary of a necessary business expense is the college, and not the individual. A necessary expense is a minimum purchase or service required to achieve a valid business objective.

**Reasonable** means the amount that normally would be spent in a specific situation. An expense is considered reasonable if it is not extreme, excessive, lavish, or extravagant, and reflects a prudent decision and action to incur the expense. This policy does not define precise dollar amounts for what constitutes reasonable, because the reasonableness of an expense depends upon many relevant factors including the business purpose, location, the context, the source of funds, and the circumstances surrounding the expenditure.

Costs are **appropriate** if they are suitable or fitting for a particular business purpose. In order for a cost to be appropriate, it is also presumed that there is a valid business purpose, which is normally the responsibility of the department or program to determine. The following questions should be considered when determining the appropriateness of costs:

- Could the cost be comfortably defended under public scrutiny?
- Would you be confident if the cost was selected for audit?
- Would you be comfortable reading about it in the newspaper?
- Would you be comfortable explaining to a donor that their donation was used this way?

- Has it been adequately documented?

If an expense is necessary, reasonable, and appropriate, the college considers it an **allowable** expense. Federal regulations use the same criteria, as a rule.

- **SUBSTANTIATION AND RECEIPTS**

**Substantiation** describes the set of written documents that support an incurred business expense. Substantiation consists of the original receipt, notation of business purpose, names of persons in attendance and their relationship to the college (when applicable), and an approved expense report for the incurred cost. Allowable business expenses must be properly and adequately substantiated by a detailed receipt or invoice in order to be paid or reimbursed. For example, meal receipts should detail the items purchased, not just the credit card receipt. Certain expense classifications may be subject to specific federal, regulatory or grant requirements. The Office of Accounting and Business Services (ABS) shall retain the authority to require additional substantiation or documentation in accordance with these requirements, when deemed necessary. Specific substantiation requirements are described in the remainder of this policy.

Expenses must be documented under the IRS accountable plan rules. Per [IRS Publication 463](#) for Travel, Gift, and Car Expenses and, specifically, IRS Sec 1.274-5(c)(2)(iii)(A)(2), documentary evidence is not required for expenses less than \$75 (other than lodging). Thus, the college does **not** require detailed receipts for purchasing card expenses less than \$75, except for lodging (receipts are required for all lodging expenses per the IRS no matter the amount). **However, it is strongly encouraged that a receipt is submitted no matter the amount if available.** A receipt is required for all purchasing card expenses of \$75 or more and for reimbursable expenses of any amount.

- **TRAVEL, MEALS, AND ENTERTAINMENT (TME)**

Travel, meals, and entertainment (TME) expenses are the most scrutinized expenses by the IRS and the college's external auditors because TME expenses are a sensitive area for which fraud or abuse may more easily occur and from which employees may unduly personally benefit. Thus, it is critical that TME expenses are clearly defined, include more restrictions associated with them, and be tightly monitored by the college. Please refer to the "Travel Policies" in section II below for details relating to travel specifically.

What is a meal? Anything that you consume (food or drinks) is classified as a meal. An allowable business meal is taken with business associates, college guests, job applicants, professional colleagues, alumni, or donors, during which college business is discussed and there is a valid business purpose for the meal. Occasional meals provided by the college for employees working beyond their normal working day also qualify as business meals.

The primary beneficiary of expenditures for food and entertainment should be the college. In addition to the detailed meal receipt showing the items that were purchased (not just the credit card receipt), up to ten names of the individuals that consumed the food and/or drinks are required to be listed. If over ten people benefited from the meal that was paid for by the college, then the individual names are not required to be listed; however, an indication of approximately how many people participated, as well as a short description of the business purpose of the meal, needs to be provided.

**All employees must limit meal costs to \$75 per person per day.** The concept of reasonableness should apply to all food costs and tips. Tips should be reasonable to the level of service provided and must not exceed 20%.

- **Local Meals**

A local meal takes place on campus or locally within the Walla Walla region. If the food is used as a reward or morale booster, these situations must be **non-repetitive** in nature. Meals (breakfast, lunch, and dinner) should not be provided at regular business meetings attended only by college employees unless there is a clear, specific, substantiated business purpose for the expense. Small refreshments for employee training or regular business meetings for employees are allowed as long as they are reasonable. Examples of local meals that are not allowable, since they do not have an adequate business purpose, include:

1. A faculty member purchases a latte or coffee at a local coffee shop for personal consumption while grading papers;
2. A staff member purchases a snack or drink from Cleveland Commons for personal consumption while on duty for work;
3. A staff or faculty member takes a student out for a meal or drink; and
4. A department purchases lunch for its employees at nearly every regular monthly meeting.

In general, it is expected that local meals should have at least two individuals listed that benefited from the meal, along with a detailed business purpose explanation. An employee should not be reported as the sole beneficiary for a local meal expense; these situations should not occur.

- **Entertainment**

Per [IRS Publication 463](#), entertainment includes activities that may include tickets to sporting events, theaters, music, or other recreational activities. Entertainment costs, including those sponsored in connection with development and alumni events and/or meetings must be directly related or associated with college business. It is important to document the identity of the person(s) or group being entertained to clearly establish that the cost is reasonable and show a link between who is entertained and a valid business purpose. The original documentation is required and must be approved by the employee's supervisor on an expense report. These activities, due to IRS regulations, may be treated as a taxable fringe benefit to the employee(s) who benefited from these expenses.

- **PURCHASING CARD VERSUS REIMBURSEMENTS**

Currently the college participates in a purchasing card rebate program through First American Equipment Finance (FAEF), a subsidiary of City National Bank (CNB). This Visa purchasing card is the primary card to be used when charging business expenses. It should be noted that the college can only realize the benefits offered by the FAEF purchasing card rebate program when the Visa purchasing card is used. **Thus, purchasing cards must be used for anyone who would like to travel on college business.** When a purchasing card has been issued to an employee for purposes of travel and/or business expenses, it is expected that the employee utilizes the purchasing card whenever possible. In general, expense reimbursement requests should be kept to a minimum and be a rare occurrence; although it is understandable that circumstances arise where it may happen from time to time. If an employee is incurring at least \$500 in reimbursable business expenses per fiscal year (July 1 - June 30), the employee may be directed to apply for a purchasing card instead.

Expense reimbursement requests should be submitted on a TME or Vendor Payment form via SignRequest, and with proper approvals. The college's primary mode of payment to employees and students for expense

reimbursement is direct deposit. Except when specifically requested to be paid in the form of a check, reimbursements will be made via direct deposit to the bank account of the student or employee.

If an expense reimbursement request is submitted for a trip with travel dates that will occur in the future, the college will not reimburse the employee or student until after the trip has occurred. This alleviates the risk that the employee or student could cancel the trip after they have been reimbursed for the trip by the college but before the trip actually occurs.

- **ALCOHOL**

Purchase of alcoholic beverages is discouraged due to the expense and the potential liability involved. Alcohol consumed at a business meal must be reasonable (generally not to exceed 20% of the total bill) or be served during discussions of college business with non-employees, such as alumni, current or prospective donors, prospective employees for recruitment, trustees or other business partners. For any exceptions to the above criteria, the college has designated the President and Cabinet members with approval authority for purchases of alcohol. Under no circumstances, consistent with federal policies, may alcoholic beverages be charged to federally funded grants or contracts, either directly or indirectly.

- **TAX REQUIREMENTS**

The policies of the college are intended to be in compliance with applicable federal and state laws, including IRS tax regulations. Whenever there is a conflict between policy and law, the most current law shall supersede policy.

Whitman College will not “gross up” any payments made to employees, students, non-employees, and non-US citizens in order to cover taxes unless an exception is authorized by the Vice President for Finance and Administration.

Online and out of state transactions subject to Washington sales tax that were not charged tax at the time of purchase will be charged Washington use tax by the Office of Accounting and Business Services. Any use tax due needs to be indicated on the expense with the receipt attached. The rate charged will be the current retail sales tax rate for the City of Walla Walla, which is the location where the goods will be assumed to be used.

- **POTENTIAL FIXED ASSETS**

If a tangible item is purchased for more than \$10,000 and is expected to have a useful life of one year or longer, then this item needs to be marked as a potential fixed asset for the Office of Accounting and Business Services to review. This indication can be made on the expense report submitted by cardholders through the voucher screen in Colleague. Examples include, but are not limited to, equipment, furniture, artwork and components of construction projects.

- **APPROVALS**

The name of the employee submitting the expense report or form requesting approval should be indicated on the document. Approvals for all business expenses should route as follows:

1. If applicable, for review of the general ledger account(s) only, the department executive assistant or administrative assistant;
2. The department or division head(s) who oversee(s) the budget for the general ledger account(s) being charged;
3. The employee's department or division head, who may or may not be the employee's supervisor;
4. If the expense is over \$10,000, the employee's Vice President (or Cabinet member);
5. If the expense is over \$75,000, the Vice President for Finance and Administration or the Assistant Vice President for Finance and Controller; and
6. If the expense is flagged as a potential policy violation, the employee's Vice President (or Cabinet member) and the Vice President for Finance and Administration.
7. The Office of Accounting and Business Services has the final review and approval before any expenses can be posted in Colleague.

- **PROCUREMENT**

The college has business accounts that offer benefits/discounted prices with the following vendors that should be used by employees whenever possible:

- Amazon Business: to purchase general supplies.
- Alaska Airlines: to book airfare for a business trip.
- Bon Appetit: for all on-campus meals.
- Enterprise and National Car Rentals: to rent a car for a business trip.

- Staples: for office supplies.

In general, if a department is planning to purchase supplies, services, or equipment over \$10,000, then a written price or rate quotation should be obtained from three qualified sources prior to making a purchase to ensure that the college is paying the best price available. If the item can only be obtained from a sole source, then that should be indicated with the supporting documentation (invoice, receipt, etc).

The President, Vice President for Finance and Administration, or the Assistant Vice President for Finance and Controller are the only individuals authorized to sign a contract on behalf of the college. Any potential technology subscriptions or services are required to be pre-approved by the Chief Information Officer.

## **II. TRAVEL POLICIES**

Employees are required to travel by the most economical and efficient transportation available that is consistent with the business purpose of the trip.

All college business travel shall be by the most direct, practical, or commonly-traveled route. When an employee elects to interrupt direct travel in order to travel an alternate or indirect route for personal reasons, reimbursement by the college will be limited to the cost that would have been incurred for uninterrupted travel by the most direct, commonly-traveled route or the lesser of the two amounts.

### **● ONLINE BOOKING**

While booking travel reservations online, precautions should be taken when dealing with major airlines or travel reservation sites. Travelers should use prudent caution when booking online by making sure travel reservation sites are legitimate and provide a secure server environment before supplying credit card information. When booking travel arrangements online, employees should be sure that selected flights are the correct and desired flights before finalizing the reservation. The college will not reimburse employees for incorrect airline reservations or fees related to changing incorrect reservations. The use of travel agencies via traditional methods continues to be an acceptable means of arranging travel.

All business-related flight reservations made online through Alaska Airlines specifically need to be booked through Whitman's Alaska Airlines business



account at [easybiz.alaskaair.com](http://easybiz.alaskaair.com). There is only one Alaska Airlines business account for Whitman College; individual departments are not allowed to have their own Alaska Airlines business accounts. If Alaska Airlines does not have an appropriate flight that serves the employee's business purpose or if it is materially more expensive than another airline, then a different carrier may be used. However, use of Whitman's Alaska Airlines business account is preferred because:

1. The college accumulates miles for flights that are booked through its Alaska Airlines business account that will be used to benefit students; and
2. Any canceled flights that are eligible for credit and paid for by the college would go back to Whitman's Alaska Airlines business account that could then be used for any future business-related flights.

Employees who have a personal Alaska Airlines mileage plan can still enter their mileage plan number while booking the reservation and get credit for the miles they have flown. In addition, any employees who personally hold an Alaska Airlines Visa credit card would still receive the benefit of free bags at check-in when their mileage plan number is entered while booking the flight. **However, the college's purchasing card must be used when booking all business-related airline reservations online.** An employee cannot, for example, use their personal Alaska Airlines Visa credit card to book the flight, then ask for reimbursement from the college. For reasons of equity, the college cannot allow some employees to personally benefit from college-paid expenses that may not be available to other employees.

However, the college supports its employees who would like to travel with their families. The one and only time that an employee will be allowed to book a business-related flight with a personal credit card and request reimbursement is if they need to do so in order to take advantage of a companion ticket fare on their personal mileage plan. Then, the college will reimburse just the business portion of the flights (i.e., the employee's ticket).

- **FIRST CLASS TRAVEL OR ACCOMMODATIONS**

As a general rule, first-class travel or accommodations are impermissible and not reimbursable. Exceptions may be granted only by the President or Vice President for Finance and Administration.

- Advance approval by the President or Vice President for Finance and Administration is required for first- or business-class upgrades.

- The employee will be responsible for any additional cost resulting from the use of first- or business-class travel or accommodations not previously approved by the President or Vice President for Finance and Administration.

The traveler should consider the following when booking travel arrangements:

- Routine travel should always be arranged by college employees. Only when travel arrangements are exceedingly complex, or significant savings can be realized, should an outside travel agency be employed.
- The traveler should be prudent and book the most economical means of travel that is reasonable for their business purpose. However, the college does not expect employees to purchase tickets in the “economy saver” (or similar such) fare classes.
- If a traveler incurs charges in excess of the most prudent cost, either by personal preference or for non-work related reasons, the traveler must pay the difference. **Employees who wish to purchase upgrades (e.g., first-class airline tickets, seat upgrades, extra legroom, etc.) must purchase those upgrades on their personal credit cards after using their Whitman purchasing card to purchase the basic economy ticket.**
- If a traveler chooses to use their personal airline benefits (e.g., airline mileage, points, voucher usage, reservation guarantees, upgrades, etc.) while booking college travel, the value of these benefits will not be reimbursed to the traveler.
- The destination of the trip should always be included as part of the supporting documentation for college reporting purposes.

The **Designated Whitman Traveler List** is intended for Whitman College employees whose jobs require them to undertake air travel at least half a dozen times per year. Names to be added to, or deleted from, this list will be submitted by a department vice president to the Vice President for Finance and Administration and the Assistant Vice President for Human Resources for vetting and approval. It is expected that this list will customarily include individuals in the following roles: the President, the Vice President for Development and Alumni Relations, and the Vice President for Admission and Financial Aid, and selected employees rolling up to the two aforementioned vice presidents. With the permission of their vice presidents, and supported by budget funds set aside by these vice presidents, employees on this list may purchase TSA Precheck and up to one airline lounge membership at any given time as paid for by the college each year. While traveling through an airport that has a lounge that can be used by the employee, the employee will not

incur any other expenses for Internet access and connectivity, meals, or beverages.

- **CANCELLATION PENALTIES AND UNUSED TICKETS**

If a cancellation penalty occurs due to reservation changes for reasons requested by the college or due to an emergency, the penalty or unused ticket will be the financial responsibility of the college. Cancellation penalties occurring for personal or for non-work related reasons must be reimbursed to the college. Any unused ticket that is later used personally by a traveler must be reimbursed to the college.

- **GROUND TRANSPORTATION**

- **Rental Vehicles**

The use of a rental vehicle must be justified as a business need and not a matter of personal convenience. For liability reasons, a rental vehicle (or college-owned vehicle described below) is preferred when one or more employees or students are traveling together on a business trip. The type of vehicle rented should be the most economical for the number of travelers and the business purpose. When using a rental vehicle, travelers should refuel rented vehicles before returning the vehicle to the rental car agency in order to avoid excessive charges. The college's purchasing card should be used to pay for the cost of gas used for the rental vehicle.

The college has a business account with Enterprise and National Car Rental companies where it receives preferential standardized rates and damage waivers. If Enterprise or National Car Rental does not have an appropriate car or location that serves the employee's business purpose, or if it is materially more expensive than another rental car agency, then a different company can be used.

Rental vehicles are covered under the college's insurance policy; therefore, the traveler should decline Collision Damage Waiver insurance and Liability Damage Waiver insurance offered by rental car agencies. Travelers should use their college-issued Visa purchasing card, if applicable, when renting a car to take advantage of any supplemental insurance coverage. For insurance reasons, a car rental agreement should include the name of the college in addition to the name of the traveler. Prior to renting a vehicle for college business, the

traveler should obtain a proof of insurance card from their department travel coordinator or the Executive Assistant to the Vice President for Finance and Administration. While traveling, the traveler should secure all personal assets, as the college's insurance may not cover loss or theft of personal belongings.

- **College-Owned Vehicles**

The college has several vehicles available to be rented from Facilities Services for college business. These vehicles include turtle-top buses and suburbans. To rent any vehicle with a capacity of 10 passengers or more, the driver must be van-certified through the Office of Environmental Health and Safety. The college's purchasing card should be used to pay for gas for the college-owned vehicle and it should be fueled up before it is returned to Facilities Services.

- **Privately-Owned Vehicles**

Properly-approved business mileage is reimbursed to the business traveler based on the college-approved rate in effect at the time the vehicle was used. Current reimbursement rates are established and updated when necessary by the Office of Accounting and Business Services and follow the IRS standard mileage reimbursement rate. The business mileage allowance reimburses the employee for all operating expenses for the privately-owned vehicle (i.e., gas and repairs). Any variation from the most direct and practical route must be explained on the employee's expense report. **The college's purchasing cards may not be used to refuel a personally-owned vehicle.**

Parking, tolls, ferries, and other road fees will be reimbursed for college-related business, provided they are itemized on the TME form with adequate supporting documentation. Use of the college's purchasing card is required when at all possible for these expenses.

The college will reimburse travelers for non-personal commuting miles as defined by the IRS. **Business mileage does not include the normal commute to and from work.** When your business travel originates from home, subtract your normal commute from the total miles associated with the trip. Personal commuting miles are defined as miles driven in a vehicle between your home and your main or regular place of work. The number of miles to be claimed as reimbursable is the "additional" number of miles driven beyond personal commuting miles.

For example, if the business traveler has a regular or main job and travels to another site to conduct work for the college, the traveler will be reimbursed for the additional mileage beyond the traveler's personal commuting mileage.

As another example, if the business traveler does not have a regular or main job, but the traveler ordinarily works at different locations in the metropolitan area close to where the traveler lives, the traveler can claim reimbursement for miles driven outside their metropolitan area. A metropolitan area includes the area within the city limits and the suburbs that are considered part of that metropolitan area.

Either a rental car or college-owned vehicle is always preferred when an employee is driving alone or with others for business purposes. **If a privately owned vehicle must be used when two or more employees need to travel together or to transport students, a reason must be provided and prior approval must be obtained by the employee's vice president.** If traveling alone, this prior approval is not required. Once approved, the college will only reimburse the driver of the vehicle for reimbursable business mileage. Any privately-owned vehicle used for business travel must be covered by minimum liability and collision insurance as required by law.

While there is limited coverage under the college's automobile insurance program for employees driving a privately-owned vehicle, this coverage is secondary to the employee's own insurance coverage. The employee's own insurance policy must first be exhausted before the college's policy provides coverage. The employee will be responsible for negotiating the loss with their insurance carrier and a claim may adversely affect the costs of the employee's future insurance premiums.

- **LODGING**

Business travelers should stay in comfortable hotels when overnight stays are necessary. **However, lodging costs must not exceed \$300 per night (not including taxes or fees).** Any lodging costs that exceed this threshold must be approved by the department vice president and the Vice President for Finance and Administration **or** the incremental difference must be reimbursed by the employee to the college. Business travelers will be personally responsible for any hotel charges incurred as a result of not keeping reservations or not canceling them in a timely fashion. A cancellation number should be obtained from the hotel to avoid any misunderstanding or liability.

Allowable business lodging costs include: room charges, standard parking fees, business meals if charged to the room, gratuities, and taxes. All lodging costs need to be itemized on the expense report submitted via the online expense management system. Any personal expenses charged to a room must be reimbursed to the college. A college purchasing card should always be used when reserving lodging.

Booking a house to stay in using VRBO or AirBNB for business purposes is not allowed, even if doing so would reduce expenses for the college. Staying in VRBOs or AirBNBs presents certain risks to the college that management has decided its employees will not assume.

If an employee lodges with friends or relatives while on a business-related trip, then a lodging per diem will be paid to the employee based on the location per the General Services Administration. Lodging per diem will only be paid directly to the employee. Requests for lodging per diem must be submitted and approved via a TME form to the Office of Accounting and Business Services.

- **OTHER ALLOWABLE BUSINESS TRAVEL EXPENSES**

Meal costs are allowable business travel expenses in accordance with the guidelines and documentation described in section I (“General Expense Policies”) of this policy. Employees are expected to exercise discretion and reasonableness when incurring meal costs while traveling, and to avoid room service or other incidental charges unless necessary. As a reminder, in addition to the detailed meal receipt showing the items that were purchased (not just the credit card receipt), up to ten names of the individuals that consumed the food and/or drinks must be listed.

For employees traveling on a business trip, it is permissible for the employee to be the only individual listed for the meal. However, a detailed description of the business purpose for the meal should be included, such as destination, the name of the conference attended, what it was for, etc. **All employees must limit meal costs to \$75 per person per day.** The concept of reasonableness should apply to all food costs and tips. Tips should be reasonable to the level of service provided and must not exceed 20%.

Reasonable laundry and cleaning expenses are allowable business expenses for those travelers when overnight stays exceed five (5) consecutive days, or if an emergency situation should occur.

Supplies, postage, facsimiles, photocopies and rental of required equipment while traveling will be allowed, provided appropriate business justification is given.

Baggage fees, internet access and WiFi costs will be allowed in connection with travel when the employee must incur the expense to support the business purpose of the trip. Employees should exercise reasonable discretion in incurring connectivity and related costs.

- **TRAVEL FOR COMBINED BUSINESS AND PERSONAL PURPOSES**

When a business trip includes personal components, the college will only reimburse travel costs relating to direct travel to the business-purpose destination. For example, if airfare is more expensive due to the employee's choice to use another route, the employee should submit documentation and would be reimbursed only for what a direct flight to the business destination **would have been** if the employee had not taken a personal side trip.

- **TRAVEL WITH SPOUSE**

Unless approved by the President or Vice President for Finance and Administration, all expenses incurred during business travel are limited to the business traveler and should be calculated on the base case of the employee traveling alone. Personal expenses are not allowable by the college. The employee is responsible for providing rates of travel for a single person. An exception to this policy exists if the business traveler can provide sufficient justification that the spouse's presence was both essential and directly related to the effective accomplishment of college business, with approval in advance by the President or Vice President for Finance and Administration. Additional guidelines on spousal travel are available separately and subject to review by the Office of Accounting and Business Services.

- **NON-ALLOWABLE TRAVEL EXPENSES**

The following list of items is **not** intended to note every type of non-reimbursable or unallowed expense, but rather to give travelers some specific examples of expenses that will **not** be paid for by the college:

- Repair or gas for a privately-owned vehicle;
- Parking or traffic citations;
- Personal entertainment (e.g., in-flight movies, in-room movies, tennis, golf, mini bar charges, spa services, massage, beauty salon, facials, etc.);

- Luggage or any similar personal travel item, including toiletries;
- Service charges for personal cellular phones, except as otherwise provided for by the college's Cellular Service and Data Plan Reimbursement Policy;
- Ticket changes or "no shows" on guaranteed reservations not canceled in a timely fashion due to traveler negligence;
- Replacement of cash lost or stolen during travel, due to traveler negligence;
- VRBO or Airbnb reservations to stay at a home;
- Expenses that are not directly related to and required for official college business, but were incurred for the personal benefit of or convenience of the business traveler.

The college's Office of Accounting and Business Services will reject the above-mentioned items submitted for reimbursement. All expenses that violate the above policies will be flagged in the online expense management system. The associated expense reports will be routed to the employee's vice president and the Vice President for Finance and Administration for review, rejection, or approval. If a policy violation is deemed to be a personal expense and the expense report is returned to the employee, the employee will be required to fix the account coding associated with the expense in question and reimburse the college. Any of the above-mentioned items submitted via an expense report must be reimbursed to the college by the employee.

- **TRAVEL CASH ADVANCES**

Cash advances may occasionally be required both in connection with ongoing operational needs, as well as in connection with business travel. For travel-related needs, prior to a scheduled trip, the business traveler may request a cash advance to cover out-of-pocket expenses (e.g., taxi, bus, shuttle, tips, parking, etc.). Cash advances are not to be used to pay for airline tickets, rental cars, registration fees, or amounts that could be charged to the Visa purchasing card, or any item that could be billed directly to the college. Cash advances not related to travel require the approval of the employee's supervisor and are only to be granted when routine accounts payable processes are insufficient for a more immediate, and generally unplanned, need. Cash advances are to be used only for business purposes.

In order to obtain a cash advance, the employee requesting the advance should submit a Travel Advance Form to the Office of Accounting and Business Services. Advances for travel purposes should be requested at least ten (10) business days prior to the first day of the trip. Outstanding advances must be properly accounted for before another cash advance can be issued.



Reconciliation of cash advances must be submitted to the college's Office of Accounting and Business Services within thirty (30) days from the completion date of a trip or activity. Advances are reconciled by submitting a completed Travel Advance Form with original receipts, invoices, or team rosters with signatures from the student-athletes with the amounts of cash received, etc. Unused funds should be reimbursed to the Office of Accounting and Business Services (Memorial 223). The cashier will provide a cash receipt, which must be submitted with the cash advance reconciliation. It is recommended that unused funds be reimbursed with a check and walked directly to the cashier's window.

In accordance with Internal Revenue Service regulations, the college is required to report as additional income to the employee any advance which is not substantiated by an appropriate itemized original receipt or adequate documentation.

### III. GIFTS, PRIZES, AND AWARDS POLICY

College funds are sometimes used to purchase gifts, prizes, and awards to show appreciation or recognition of employees, students or non-employees. Gifts, prizes and awards purchased with college funds (i.e., payments processed via check request, purchases made with the college's Visa purchasing card, and reimbursements to employees), including gift cards and gift certificates, are generally considered taxable income to the recipient.

The Internal Revenue Code states that the value of gifts, prizes and awards to individuals is considered taxable income. There are limited exceptions to this rule:

- Certain non-cash employee achievement awards;
- Certain non-cash prizes or awards transferred to charities; and
- *De minimis* awards and prizes, i.e., prizes or awards that are not cash or cash equivalents (i.e., gift cards or gift certificates), of nominal value (must be less than \$100) and provided infrequently (occasional or unusual in frequency). Examples include nominal gifts for birthdays or holidays, flowers, plaques, or coffee mugs.

**Gift cards are always treated as taxable income and *de minimis* rules do not apply.** If you've given a gift card, gift certificate or cash card of any value to a student, staff or faculty member of Whitman College, please fill out the [Gift Card Reporting Form](#) and submit it to the Office of Accounting and Business Services. For gift cards given to non-Whitman community members, please fill out this form only if the gift card, gift certificate or cash card exceeds \$100 per individual.

A non-cash gift (e.g., occasional flowers, fruit, books, etc.) to any individual must be reported if it exceeds \$100 per individual. If you've given a gift card or compensation to a research participant, please review the [Gift Card and Research Participant Compensation Policy](#) and submit the Report of Whitman Research Participant Compensation Form instead of the Gift Card Reporting Form.

The table below summarizes the taxable treatment for various types of gifts, prizes and awards.

- **REPORTING TAXABLE GIFTS, PRIZES AND AWARDS**

Whitman College will not gross up any payments made to employees, students, non-employees, and non-US citizens in order to cover taxes for gifts, prizes, and awards unless authorized by the Vice President for Finance and Administration.

- **Employees.** The value of any taxable gift, prize or award given to an employee must be reported to the Office of Accounting and Business Services and included in the recipient's gross income as a taxable fringe benefit. It will be subject to withholding. Please note for non-cash awards in excess of \$100, the entire award is included in the employee's wages, not just the portion that exceeds the de minimis limit.
- **Students and Non-Employees.** The value of any gift, prize or award given to any student or non-employee will be accumulated with other non-employee compensation, and when in excess of \$600 in a given calendar year, will be reported to the Internal Revenue Service (IRS) at year-end via IRS Form 1099-MISC. When a taxable gift, prize or award in the amount of \$600 or more is given to a non-employee recipient who is not a student, a W-9 for each recipient must be obtained and submitted along with the request for reimbursement. Taxable gifts, prizes or awards that are above de minimis thresholds, but below the \$600 reporting threshold, will be monitored to ensure compliance with 1099-MISC reporting requirements.
- **Non-US citizens** (including international student workers) may be subject to additional tax withholding depending on circumstances and treaty status. Please contact the Office of Accounting and Business Services to discuss the tax impacts.

- **REQUIRED DOCUMENTATION**

Adequate substantiation for the purchase of gift cards and other taxable gifts, prizes, or awards requires the original purchase receipt, as well as a list of the names of each person receiving the gift, prize or award, their status identification (i.e., employee, student, non-employee, or non-US citizen), along with the amount or the fair market value of the item they received. For employees and students only, their Whitman ID number is also required. Expense reimbursement reports involving gifts, prizes or awards will not be paid without proper information regarding the recipient of each award.

**TAXABLE TREATMENT OF GIFTS, PRIZES, AND AWARDS**

	<b>Non-Taxable</b>	<b>Taxable</b>
<b>Awards and Prizes and Gifts</b>		
Cash or cash equivalents	-	Always taxable
Gift cards and gift certificates	-	Always taxable
Tangible property such as flowers, books, trophies, plaques, apparel, etc.	If <i>de minimis</i> (i.e., less than \$100 AND infrequent)	If \$100 or more OR frequent, regardless of amount
Occasional tickets to theater or sporting events	If <i>de minimis</i> (i.e., less than \$100 AND infrequent)	If \$100 or more OR frequent, regardless of amount
Occasional group meals or refreshments for employee recognition events	Non-Taxable	-
<b>Length-of-Service Awards - Tangible Property</b>		
Awards/gifts to employees with less than five years of service	-	Always taxable
Awards/gifts to employees with 5 or more years of service and awarded as part of a meaningful presentation	If \$400 or less	If in excess of \$400
Awards/gifts to employees who previously received an award/gift during the current or preceding four years, regardless of length-of-service	-	Always taxable
<b>Prizes or Awards Transferred to Qualified Charities</b>		
Prizes or awards given in recognition of achievement and transferred to a qualified charitable organization.	Non-Taxable	-

## IV. PURCHASING CARDS

- **PHYSICAL VS. VIRTUAL CARDS**

The college's First American Equipment Finance (FAEF) group purchasing rebate program includes the option of both physical and virtual purchasing cards. The virtual purchasing cards are issued through a separate online platform called Extend, and flow through First American Equipment Finance, a subsidiary of City National Bank. Currently, the college will only be issuing virtual guest cards to the following groups of people on a temporary as-needed basis: students, newly-hired employees who are relocating, and independent contractors. Certain departmental administrative assistants will be trained and responsible for issuing virtual guest cards to only these approved groups of people. These departmental administrative assistants will also be responsible for obtaining receipts and reconciling the transactions from the virtual guest cards that they have issued in the online expense management system. Currently, all Whitman employees who have access to the online expense management system will be issued physical purchasing cards. Any exceptions need to be approved by the Assistant Vice President for Finance and Controller.

- **ELIGIBILITY**

The college's City National Bank (CNB) Visa purchasing cards are required to be used for any employees who would like to travel on college business. Thus employees who expect to travel on college business must submit an application for a college-issued CNB Visa purchasing card at least two (2) weeks in advance of an anticipated trip. In addition, any employees who expect to spend approximately five hundred dollars (\$500) in reimbursable business expenses per fiscal year (July 1 - June 30) may also be directed to apply for a purchasing card.

- **APPLICATION**

In order to receive a purchasing card, employees must complete a *Whitman College Purchasing Card Application and Agreement* form and receive the appropriate department or division head(s) approval. This form requires necessary information in order for the college to order a purchasing card for the applicant and also requests additional information as to why the applicant needs a purchasing card in order to perform their job duties. The form also requires the applicant to sign an agreement that they understand the

responsibilities involved with being a cardholder and a statement that they have read this policy. All *Whitman College Purchasing Card Application and Agreement* forms will also be reviewed and approved by the Assistant Vice President for Finance and Controller.

To request an application, please send an email to [pcard@whitman.edu](mailto:pcard@whitman.edu) then one will be sent via SignRequest.

If approval is granted, the purchasing card will be ordered and delivered to ABS. Employees will be required to complete Whitman College's Expense Management Training (which lasts approximately one hour) before the card will be released. All purchasing card privileges are effective immediately upon receipt. All cardholders are again encouraged to use the purchasing card for all business expenses.

The ABS Office reserves the right to deny a purchasing card.

- **MISUSE OF CREDIT CARDS**

Misuse of any college purchasing card will result in the immediate suspension of privileges and could result in further disciplinary action against the employee up to, and including, termination of employment.

- **EXPENSE MANAGEMENT REPORTING**

All expenses charged to the CNB Visa purchasing card will be paid directly by the college. It is the employee's responsibility to submit timely expense reports via the online expense management system, which will be routed to the appropriate Approvers. Any unsubstantiated expenses charged to the purchasing card can be included as taxable income on the employee's year-end tax statement (IRS Form W-2). Failure to comply with the documentation requirements could result in immediate suspension of all purchasing card privileges, as well as disciplinary action.

- **PERSONAL EXPENSE**

If an employee incurs a personal expense on a college purchasing card, the employee must reimburse the college for that personal expense before the expense report that contains the personal expense is submitted for approval, which is due 10 days after the last day of the preceding month. All personal expenses must be coded by using the "Personal Expense" tile in the online expense management system. An employee must reimburse the college via

cash or check at ABS (Memorial 223). The Payroll Manager has the authority to deduct any unreimbursed personal expenses from the employee's paycheck the month after the month that the charge was made in order to reimburse the college, if deemed necessary.

- **REFUNDS**

Any refund received as a result of use of the purchasing card must be refunded directly to the credit card. The employee must then submit an online expense management system expense report for the refunded amount, coding the credit amount to the same general ledger account as the original charge. Refunds in the form of a credit memo should not be accepted, if possible.

- **FRAUDULENT CHARGE**

If you notice charges in the online expense management system that are not authorized (fraudulent), please contact the City National Bank Fraud Department at 1-800-557-4262 to report the fraudulent charge(s) immediately. This number can also be found on the back of the card. When you call CNB, you must identify the charges that (i) were not made by you, an authorized user or other person authorized by you; and (ii) from which you or such authorized user or other authorized person received no benefit. Additionally, please notify the Whitman College's Office of Accounting and Business Services (ABS) at [pcard@whitman.edu](mailto:pcard@whitman.edu).

CNB will cancel the card and issue a new card, which will be sent to ABS. The ABS will notify the cardholder when the new card is available. Alternate arrangements can be made if the cardholder is not on campus or is out of the country.

Once the investigation has concluded and a credit is given to reimburse the college for the fraudulent charge, the credit will appear in the online expense management system. The cardholder will need to process an online expense report with both the fraudulent charge(s) and credit(s) (i.e., the expense report total should net to \$0) coded to the same general ledger account by using the "Fraudulent Charge" tile in the online expense management system.

- **LIABILITY**

Each cardholder is responsible for reviewing online expense management system transactions for accuracy and appropriate charges. Cardholders are responsible for exercising the same care and responsibility in safeguarding college-issued credit cards as they would their own personal ones.

- **LOST OR STOLEN CARD**

If a college credit card is lost or stolen, the cardholder should report it immediately to City National Bank's 24-hour customer service at 1-800-998-6206 (outside the US, call +00 800-7737-1000), as well as notify ABS at [pcard@whitman.edu](mailto:pcard@whitman.edu). A new card will be mailed to the college. If you are traveling and need to have special arrangements made to have the card sent directly to you, please contact ABS. The college will not be responsible for any charges incurred against a lost or stolen charge card, provided that the employee immediately reports the lost or stolen card to CNB within sixty (60) days.

- **CREDIT LIMITS**

As a security measure to protect the cardholder, City National Bank may question any unusual transaction or spending pattern at the time of purchase. The college establishes a preset credit limit for purchasing cards depending on the role of the employee and the estimated amount of monthly card usage. Currently the limits range at a minimum of \$7,500 up to a maximum of \$50,000. Limits on purchasing cards are only monthly limits with no per transaction limits. Limits reset every month. If there is a need for an increase in credit limit, the cardholder should submit a request via email to ABS at [pcard@whitman.edu](mailto:pcard@whitman.edu), and include the appropriate department or division head on the email to approve the credit limit increase request.

- **SURRENDER OF PURCHASING CARDS**

Upon termination of employment, or by request of the college, cardholders must surrender all college purchasing cards. Purchasing cards may be surrendered to the Office of Human Resources during an exit interview, or to the Office of Accounting and Business Services when exit forms are signed.

Each cardholder is responsible for completing an online expense management system expense report covering any outstanding transactions and reimbursing the college for any personal expenses prior to their

termination date. If an online expense report is incomplete, the original receipts, proper general ledger coding, and business description for the outstanding transactions should be forwarded to ABS at [pcard@whitman.edu](mailto:pcard@whitman.edu).

## Definitions

Term	Definition
Business Travel	<ul style="list-style-type: none"> <li>• Overnight stays at one or more locations;</li> <li>• Travel to and from seminars, conferences, meetings of professional organizations where registration or attendance is authorized or paid by the college; or</li> <li>• Travel on official business for college purposes.</li> </ul>
Travelers	<ul style="list-style-type: none"> <li>• Administrators;</li> <li>• Faculty;</li> <li>• Staff;</li> <li>• Others individuals who represent or perform services for the college, such as students, trustees, consultants, volunteers, or prospective employees.</li> </ul>
Department or Division Head(s)	Individuals who are responsible for managing the expenditure account being charged. In some instances, the appropriate department or division head may be a different individual than the employee's supervisor.
Approvers	Individuals assigned to approve expenses on forms or reports submitted to ABS for their assigned employees.
Online expense management system	This system is also referred to as Chrome River, which is used to reconcile, manage, document the business purpose, and account code all charges made on a college-issued purchasing card. All transactions are included on an expense report in the system that is submitted monthly by the cardholder and routed to the appropriate approvers.

## Additional Contacts

Subject	Name	Phone	Email
Travel and Business Expense Policy Questions	Darlene Wilson, CPA Assistant Vice President for Finance and Controller	(509) 527-4936	wilsond@whitman.edu
Purchasing Card Questions	Kirsten Kitamura, CPA Associate Controller for Uses	(509) 527-5592	pcard@whitman.edu



Subject	Name	Phone	Email
Reimbursements or Accounts Payable Questions	Kirsten Kitamura, CPA Associate Controller for Uses	(509) 527-5592	payables@whitman.edu

## Forms

Form	Use	Location
Travel, Meals, and Entertainment Expense Form	TME Reimbursement Requests	<a href="https://www.whitman.edu/business-office/forms">https://www.whitman.edu/business-office/forms</a>
Vendor Payment	Non-TME Reimbursement Requests	<a href="https://www.whitman.edu/business-office/forms">https://www.whitman.edu/business-office/forms</a>
Travel Advance Form	Travel Advances	<a href="https://www.whitman.edu/business-office/forms">https://www.whitman.edu/business-office/forms</a>
Gift Card Reporting Form	To report gifts, prizes, and awards	<a href="#">Google Form</a>
Purchasing Card Application Form	To apply for a City National Bank Visa purchasing card	<a href="https://www.whitman.edu/business-office/forms">https://www.whitman.edu/business-office/forms</a>

## Responsibilities

- It is the responsibility of the college's Office of Accounting and Business Services (ABS) to establish adequate controls to ensure that all employees follow and submit documentation as contained in the college's Travel and Business Expense Policies and Procedures.
- It is the responsibility of department or division head(s) who oversee(s) the budget(s) for the general ledger account(s) against which the expense is being charged to make the initial determination that submitted costs are both sufficiently business-related and supported by adequate documentation in order to meet the requirements of these policies. ABS retains the authority to review and question all submitted costs and documentation for identification of issues to be addressed by approver(s).
- The college's Travel and Business Expense Policies and Procedures should be reviewed before initiating any travel and entertainment arrangements and used as the first source of information for all business travel by employees.

- Employees have a number of responsibilities in connection with business travel and are expected to give business travel time the same consideration and respect as other aspects of their official duties. In general, it is the employee's responsibility to exercise prudence when traveling on college funds.
- Employees will be personally liable for any costs not in accordance with the college's Travel and Business Expense Policies and Procedures. Negligence in reporting, properly substantiating, or complying with any provision of these travel policies may result in appropriate disciplinary action. Any use of college funds by an employee for personal reasons is improper and may be considered as serious misconduct. The deliberate and willful falsification of expense records or participation in any fraudulent or deceptive action will make the employee subject to termination of employment and/or appropriate legal action. Further, any negligence or other serious misconduct on the part of those responsible for approving expense reports, cash advance requests, and other related travel documents may also result in similar disciplinary action.
- Employees are expected to submit a TME form requesting reimbursement within thirty (30) calendar days after incurring any expenditure. Expense reports in the online expense management system must be completed by the employee within ten (10) business days after the month's end.

## **Who Vetted and Approved this Policy?**

Assistant Vice President for Finance and Controller  
Associate Controller for Uses  
Vice President for Finance and Administration  
The President's Cabinet

## **Revision History**

- January 12, 2024