



Office of Financial Services

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TO: ISU Departments

FROM: Lisa Leyshon
Assistant Controller

RE: Employee Travel

The travel section of the faculty/staff handbook has been recently updated. All employees are encouraged to become familiar with ISU's travel policy which is designed to facilitate the travel process and provide the necessary structure to meet IRS guidelines, as summarized below.

ISU's travel plan is considered an "accountable plan" by the IRS and is the only plan which permits the University to treat reimbursement of travel expenses as non-taxable to the employee. In order for the plan to continue as an "accountable plan", the following criteria must be met:

1. Travel related expenses must have a valid business connection.
2. Travel expenses must be adequately accounted for within a reasonable period of time upon completion of the trip.
3. Any excess reimbursement or allowance* must be returned within a reasonable period of time upon completion of the trip.

*An excess reimbursement or allowance is any amount received which exceeds the business related expenses incurred and properly accounted for.

Actions within the times specified below are considered as taking place within a reasonable period of time:

1. An advance was received no more than 30 days prior to incurring travel expense.
2. Travel expenses are adequately accounted for within 60 days after the trip is completed.
3. Any excess reimbursement is returned within 120 days after the trip is completed.
4. An employee receives an email requesting outstanding advances be returned or adequately accounted for and the employee complies within 120 days after the trip is completed.

Noncompliance with the above IRS timelines would require ISU to reimburse all travel under a "non-accountable plan", whereby all travel reimbursements would be reported as income on the employee's W-2 form. Therefore, it is important that the policies and procedures outlined in the

travel section of the Faculty/Staff Handbook are followed to avoid the alternative. A link to that section can be found on the Financial Services web page under Controller's Office/Travel.

Departments should address the following issues with employees that are jeopardizing ISU's "accountable plan" status or are impeding the travel reimbursement process:

1. Approved travel authorization forms must be completed, signed, and received in Accounts Payable before the trip is taken. Departments frequently submit claims for reimbursement with the authorization attached. At times, the authorization is not approved until after the return date of the trip. This creates employee liability issues for ISU.
2. The advance amount and authorization number should be clearly identified on the travel reimbursement form in the upper right-hand corner. This allows for more efficient processing time in Accounts Payable.
3. When requesting an advance, please identify the date it is needed. The date should be at least 3 days after the date Accounts Payable receives the authorization form—not 3 days after it leaves the department.
4. Receipts for air travel booked online should clearly identify payment of the fare. The flight itinerary alone does not document payment. The receipt must show payment of the fare.
5. Meals included in conference or seminar registration fees must be clearly identified in the reimbursement request.
6. Individuals regularly reimbursed for in-state mileage should submit their mileage reimbursement log monthly.
7. Individuals who travel but do not receive an advance are still responsible for submitting a reimbursement with original receipts within 10 days of the return date of the trip.
8. When requesting a travel advance, individuals located at ISU Outreach Centers must provide a fax number on the travel authorization form so that Accounts Payable can fax the Travel Advance Release form for the traveler's signature.

Compliance with the travel guidelines and policies outlined in the travel section of the Faculty/Staff Handbook will ensure ISU's compliance with the "accountable plan" requirements provided by the IRS.

Please contact me at ext. 4207, or leyslisa@isu.edu, if you have questions concerning travel policies and procedures.