

Applies to: All Faculty and Staff

I. INTRODUCTION

The University of Michigan is a global institution. Our faculty, staff and students are engaged worldwide, pursuing research and teaching activities, study abroad, internships, service and more. This SPG provides guidance for faculty and staff when spending university funds for approved university business travel and hosting and should be used in conjunction with the university's International Travel Policy (SPG 601.31) to help ensure the safety, security and health of those traveling on university business.

Establishing policies and procedures for travel and business hosting expenses enables the University to effectively comply with federal and state regulations. These policies and procedures apply to reimbursements from all university funding sources. Non-compliance could result in the university being subjected to financial risks such as tax assessments, penalties and interest. Therefore, the university may not reimburse faculty, staff and others for expenses that are not in compliance with university policies.

On occasion, due to sponsored research contracts or other administrative purposes, more restrictive travel and business hosting expense policies and procedures may be mandated by specific programs, schools, departments, or offices. Faculty, staff and students whose expenses are funded by a grant or contract must adhere to the terms of that grant or contract for verification of allowable expenditures.

Reimbursement can only be claimed when reimbursement has not been—and will not be—received from any other source. The university will reimburse faculty, staff and others for reasonable and necessary expenses incurred in connection with approved travel or business hosting. A necessary expense is one for which there exists a clear business purpose and is within university expense policy limitations. The business purpose must support or advance the goals, objectives and mission of the university, and adequately describe the expense as a necessary, reasonable and appropriate business expense for the institution.

The University reserves the right to amend or revise policies at any time. Changes in policies and procedures will be readily distributed throughout the University community and are to be considered effective on their date of issuance unless otherwise stated. These policies are intended to be guidelines for the reimbursement of all University approved travel and business hosting expenses.

Refer to the [Procurement Services website](#) for travel and hosting related information.

II. UNIVERSITY OF MICHIGAN PURCHASING CARD (PCARD)

Eligible university employees may be issued a PCard for purchases related to official U-M business. The PCard may be approved for frequent business travel (two or more trips per year), or business travel of an extended duration. The PCard is also approved for business hosting, recruitment and development activities. Small dollar items may be purchased with the PCard if the following two conditions exist: (1) the item is not available from a U-M strategic contract or internal service provider and (2) the vendor does not accept a more appropriate purchasing method, such as a purchase order. Services and restricted commodities should not be purchased using the PCard. A list of restricted commodities can be found on the [Procurement Services website](#). Temporary access to ATM cash withdrawal may be granted on a limited basis if the cardholder travels internationally. PCard transactions are to be reconciled in the university's travel and expense

system within 45 days of purchase. Late submission of PCard transactions could result in cancellation of the PCard. For more information about the PCard, see the [Procurement Services website](#).

The PCard is not intended for personal use; doing so may result in cancellation of the PCard as well as other disciplinary action.

III. EXPENSE REPORTING AND APPROVAL REQUIREMENTS

A. APPROVER ROLE AND RESPONSIBILITIES

An employee's immediate supervisor or higher administrative authority must approve travel and business hosting expenses before reimbursement will be issued. Should expenses not meet approval guidelines, the expense approver may deny the expense. Denied expenses will be considered a personal expense to the employee. Employees may not approve their own expenses, nor the expense report of the person to whom the employee reports functionally or administratively.

Approval responsibility should be assigned to an individual who can assess the business appropriateness and reasonableness of each expenditure. The approver is the control in the expense reporting process to identify potential or actual errors in expense reporting and is equally accountable for all expenditures. By approving travel and/or hosting expenses, the approver is attesting that each transaction and its supporting documentation has been reviewed and is an allowable expense. In keeping with proper fiscal stewardship, the approver must be sure the correct funding sources are charged and that each expense is consistent with departmental budgetary and project/grant guidelines. Should expenses not meet approval guidelines, the expense approver may deny the expense. Denied expenses will be considered a personal expense to the employee, and will be processed as a payroll deduction or a reduction in per diem allowance accordingly.

Approvers should ensure that each PCard holder with un-submitted transactions submits one, or at the most two, reports per month in a timely manner.

It is recommended that approvers be responsible for approving no more than 25 expense reports per month.

B. DOCUMENTATION AND RECEIPT REQUIREMENTS

IRS requirements are met by the submission of approved expenses into the university's travel and expense system. The specific business purpose of the transaction should be clearly stated on expense submissions and must explain why the university should incur the expense. For information on defining an appropriate business purpose, see the [Procurement Services website](#).

Required receipts must be attached in the university's travel and expense system (employees), or to the travel and business hosting expense report (non-employees). Approvers should confirm that the attached receipts are legible.

Receipts must contain appropriate detail, including starting and ending destinations, hotel charges and detailed item charges. Receipts must be attached to the expense report for the following transaction types:

- Lodging, air, rail and rental cars
- All other single expenditures \$75.00 and greater

When using an electronic form of payment through a third party (such as PayPal, Google Wallet or Amazon), an itemized receipt with the following information must be submitted with the expense report:

- Supplier name
- Purchase price for the item
- Description of the item(s) purchased
- Quantity of the item(s) purchased
- Date of purchase

To comply with the federal government, Health Insurance Portability and Accountability Act (HIPAA), Protected Health Information (PHI) cannot be included when submitting PCard transactions. PHI is generally defined as any information—spoken, written, or recorded—that concerns the health of an individual or identifies that person in

some way (e.g., name, Social Security Number, etc.). If you do use your PCard to pay for healthcare-related expenses for a patient or client, the information submitted to the university's travel and expense system, should not include any PHI. All PHI on receipts or other documentation should be redacted prior to uploading the information to when completing your expense report. Failure on the part of the PCard holder or approver to comply with this requirement may result in the cancellation of the PCard.

In cases where a submitted expense does not conform to stated university policy, or if a receipt is lost or missing, an explanation should accompany the report. Within the university's travel and expense system, each expense item has an available comment field for documentation of business purpose justifications or explanation statements. Comments must be provided in this field to explain why this exception to policy is necessary. The individual's immediate supervisor or higher administrative authority must approve these statements. In addition, where noted in this policy, certain policy exceptions require approval by a Vice President, Dean, Chancellor, Vice Chancellor, Director or Senior University Officer.

C. POLICY ON ICRX EXPENDITURES

External sponsors are critical to the university's mission of education, research, and patient care. Sponsors such as the federal government, state government, foundations, and corporations fund direct costs for the university's mission. Sponsors also reimburse the University a portion of facilities and administrative costs (indirect costs).

Indirect costs are necessary for the general operation of the university and for the performance of sponsored projects. Most general operating expenses of the university become part of the indirect cost rate calculations. Some costs identified as Indirect Cost Recovery Excluded (ICRX) expenditures must be flagged to ensure that they are not charged to sponsored projects as direct or indirect costs. Refer to the university's [Policy on Indirect Cost Recovery Excluded \(ICRX\) expenditures](#) for more information about ICRX expenditures.

Expense submitters have the ability to identify such expenses requiring segregation by placing an appropriate "check" in a field on the expense submission within the university's travel and expense system. Refer to the [Procurement Services website](#) for instructions on how to flag these expenses.

Expense submission for non-employees that are subject to exclusion from indirect costs must be charged against a shortcode or chartfield containing an X class. These expenses should be submitted on a Travel and Business Hosting Expense Report for non-employees. This form is available on the [Shared Services Center website](#).

D. INTERNAL REVENUE SERVICE REQUIREMENTS

In order for travel advances and reimbursements of travel expenses to be excluded from a traveler's taxable income, the university's travel policies must meet the IRS requirements for an accountable plan, which means:

Advances and reimbursements must be reasonable in amount, for travel and hosting only, in line with actual costs incurred and within policy limitations. Travelers must submit expenses via the university's travel and expense system substantiating the amount, date, and business purpose of expenses, ideally within 10 days but no later than 45 days, of the completion of the trip or date of hosted event. Expenses submitted in excess of 45 calendar days will be reviewed by the Tax department to determine whether they are reimbursable.

Employees must return any advance amount in excess of allowable substantiated expenses within 45 calendar days after the completion of the trip or date of hosted event via payroll deduction. This is accomplished within the university's travel and expense system.

E. EXPENSE REPORT SUBMISSION

It is highly recommended that all employees submitting expense reports via the university's travel and expense system assign a default expense approver in the employee's expense profile. Employee expense reports must be submitted by the individual who incurred the expense. The university's travel and expense system provides the ability for a "delegate" to create an expense report on behalf of another employee. The employee who incurred the expense, however, must personally submit the expense for routing to the appropriate approver by logging into the university's travel and expense system and submitting the report. Assigning a delegate to create expense reports does not absolve the submitter of the responsibility and accountability for expenses being submitted related to university business.

Personal expenses submitted for reimbursement will not be approved under this policy.

F. SALES TAX EXEMPTION

As a government entity, the University of Michigan is not subject to pay Michigan sales tax. Employees should make every effort to avoid payment of sales tax.

The university's state of Michigan sales tax exemption number appears on the front of the PCard, and some other states allow exemption from the payment of sales tax; the states' exemption certificates can be found on the [Tax website](#). Note that the exemption forms are state and use specific and should be used in accordance with the laws governing that particular state.

When utilizing the university's designated travel agency and Travel and Expense Management System, the travel agency will make every attempt to ensure that taxes are exempted when possible at time of booking.

IV. TRAVEL POLICY

It is highly recommended that travelers utilize the university's electronic travel and expense system when booking business travel; this increases efficiencies when reporting expenses as well as a number of other benefits that can be found on the [Procurement Services website](#). Also, university discounted rates are available when booking business travel through the university's travel and expense system or when using the designated travel agency.

The university has retained a designated travel agency and strongly recommends that units utilize this agency when arranging travel. Contact information for the university's designated travel agency for agent assisted calls can be found on the [Procurement Services website](#).

The university's travel and expense system offers mobile functionality to enhance the traveler's experience. Information regarding use of Concur Mobile and policy limitations can be found on the [Procurement Services website](#).

A. TRAVELING BY AIR

The university will reimburse the cost of standard coach airfare. Reimbursement for upgradeable or refundable coach airfare requires approval by a Chancellor, Dean, Director, Vice Chancellor, Vice President, or Senior University Officer. Travelers should always select the lowest price airfare within the bounds of the most logical schedule. Flights should be booked at least 14 days in advance. Flights booked with less than 14 days advanced purchase require an explanation comment for the booking delay for the approver's review. Approvers may deny charges that result from last minute airline booking.

In the event travelers require a flight change, they must provide an explanation of changes that incur additional costs and the business reason for changing the flight. The total cost of the flight should be evaluated and approved as reasonable by the approver when the final expense report submission is completed.

Approved exceptions for first or business class travel on non-federal funds include:

- when a university traveler is accompanying a major donor or dignitary, flying first or business class is allowable when approved by the unit
- business class is also allowable for flights exceeding eight hours in duration.

Federal regulations prohibit the use of federal funds for purchase of business or first class air travel. In addition, federal regulations require that U.S. carriers be used for both foreign and domestic travel, unless one is not available.

B. TRAVELING BY RAIL

The university will reimburse the cost of train fare when it is less than the cost of standard coach airfare or there is a valid business purpose for traveling by rail.

C. RENTAL VEHICLES

When a rental vehicle is necessary, university Risk Management advises that travelers should use the university's [preferred provider](#) and decline all collision insurance (Loss Damage Waiver or Collision Damage Waiver), because the university self-insures for commercial rental vehicle loss/damage. However, when traveling to destinations outside the Continental U.S. with the exception of Canada, university Risk Management recommends that travelers accept

collision insurance or equivalent. Using the university's designated travel agency ensures the proper waivers are met and available discount rates are obtained.

In the event of an accident while driving a rental vehicle, contact the rental company and [Risk Management Office](#) for claim handling.

Reimbursement will be made for reasonable fuel charges. Vehicle maintenance is the responsibility of the rental company and will not be reimbursed by the university.

D. USE OF PERSONAL VEHICLES WHILE ON TRAVEL STATUS

At times, a personal vehicle may be used in order to save time, transport equipment or reduce costs when several people are traveling together. Reimbursement is calculated per mile based on the current federal mileage reimbursement rate. Reimbursement may not exceed the maximum allowable rate for federally sponsored programs, and is limited to the amount of standard coach airfare. Tolls and reasonable parking charges will be reimbursed in addition to the mileage allowance.

When using a personal vehicle for university business travel, mileage should be calculated from the traveler's office to the business destination. In addition, when using a personal vehicle for travel to and from the airport, mileage reimbursement should not exceed the distance from the traveler's university office to the airport. Refer to the [Procurement Services website](#) for specific guidelines.

Fuel costs are included in the per-mile reimbursement rate and are not reimbursable as a separate expense. Cost of fuel is only reimbursable for university vehicles or rental vehicles.

The university does not assume liability for damage to personal vehicles used on university business and does not assume liability for deductibles or any other uninsured loss to the vehicle. Liability insurance protection will be provided as additional coverage only after the private owner's personal liability insurance limits are exhausted when the vehicle is used for business purposes.

Cost of repairs to a vehicle, whether or not they result from the traveler's actions, are not reimbursable.

Under no circumstances will the University reimburse parking fines or moving violations.

NOTE: When traveling by car, mileage reimbursement isn't always the most economical or safest choice. Renting a car through university-preferred vendors offers well-maintained, low-mile cars at discount rates for business travel. Refer to the [Procurement Services website](#) for guidance on limitations.

E. LOCAL TRANSPORTATION

The university generally does not reimburse local transportation (e.g., travel between university buildings on the same campus for meetings, or within the city of the employee's primary work location), or parking and tolls. Local transportation includes mileage on personal vehicles and car rental for local use (e.g., zip cars).

When local transportation is a significant part of an employee's job, exceptions for reimbursement may be made with approval from the appropriate higher administrative authority and with notice to the Director of Procurement Services. Approved exceptions must be renewed annually. When submitting an expense report within the university's travel and expense system, an explanation for local mileage reimbursement must be entered in the "comment" field on the expense line.

The university does not reimburse for commuting costs (e.g., the costs associated with driving a car between home and the normal place of work or business).

F. OTHER TRANSPORTATION

The university will reimburse for shuttle or taxi fares to and from airports and railroad stations when such service is not included in air and rail fares, and where public transportation is not practical. Round trip taxi fare from Ann Arbor and Dearborn to Detroit Metro or from Flint to Bishop Airport or Detroit Metro is reimbursable.

A small number of university-owned vehicles are available to employees with valid driver's licenses for university business. The [Parking and Transportation Services Department](#) can supply details and regulations related to the use of university-owned vehicles.

G. PER DIEM/TRAVEL ALLOWANCE

Travelers will be provided a per diem allowance to cover meals and incidental expenses for business travel days in accordance with the United States General Services Administration (GSA) rate tables (www.gsa.gov). Incidental expenses included in the per diem allowance are things such as hotel mini bar charges and tips to porters, baggage carriers, and hotel staff. Incidental expenses cannot be reimbursed separately as they are included in the per diem allowance rate.

While it is permissible to use a PCard to pay for business travel meals, it is not recommended because of the extensive accounting and reconciliation work it creates for the submitter.

Travelers are eligible for 75 percent of the per diem allowance rate on the first and last days of travel and on single day trips, where continuous travel is greater than or equal to 12 hours. While not recommended, it is permissible for departments and units facing fiscal constraints to pay per diem allowances that are less than the published GSA per diem allowance rates. Departments and units are not permitted to reimburse at rates higher than federal per diem allowances for meals on travel status. When meals are offered as part of a conference fee or when the traveler hosts or is hosted by another party while on travel status, the traveler must label these meals as “provided” when completing the Travel Allowance portion of the expense report. When meals are reported as provided in the expense report, the per diem allowance amount is automatically reduced to comply with federal policy.

H. LODGING

The university will reimburse lodging expenses at a reasonable standard room rate that would be incurred routinely by regular business travelers. The traveler should exercise good stewardship when selecting a location, taking into consideration proximity to the business destination and safety. The traveler or the travel arranger should inquire about available government rates, the Big Ten consortium rate, or the conference lodging rate and select the lowest available rate. When the hotel is the conference or convention site, reimbursement will be limited to the conference rate, if available.

I. TRAVEL INSURANCE

As part of its benefit program, the university carries a Group Travel Accident insurance policy. All faculty and staff, full and part-time, permanent and temporary, are automatically covered as of date of employment. Accordingly, reimbursement will not be made for supplemental insurance purchased by the business traveler.

For more information on the university’s travel accident insurance, including access to travel assistance for employees and their dependents, see the Benefits Office website. For information regarding university policy surrounding international travel, visit the International Travel Information and Registry site.

J. SPOUSAL OR DEPENDENT TRAVEL AND BUSINESS HOSTING EXPENSES

In general, the university does not reimburse for spousal or dependent expenses. Reimbursement for a spouse’s or dependent’s transportation expenses requires approval by a Chancellor, Dean, Director, Vice Chancellor, Vice President, or Senior University Officer explaining why an exception is warranted. Notations should be made in the “comment” field on the expense line and the submitted expense report must be routed for the appropriate approvals. Expenses that do not have a clear university business purpose are not allowable as a tax-free reimbursable expense; if reimbursement is approved for these expenses, the reimbursement may be taxable to the employee.

K. NON-EMPLOYEE TRAVEL AND BUSINESS HOSTING EXPENSES

Reimbursement is permissible for necessary and reasonable travel and business hosting expenses of guests, such as prospective faculty, staff, officers, and students. To ensure compliance, it is the department’s responsibility to inform a non-employee about the university’s travel and business hosting policies and procedures prior to the non-employee’s visit. Departmental budgets and/or the terms of the contracts or grants may limit funding for non-employee travel. Procedures for non-employee expense report submission and reimbursement can be found on the [Procurement Services website](#).

The Stored Value Card program allows units to pre-pay per diem at GSA per diem rates or lower for students and guests. Use of the Stored Value Card is limited to the per diem meal allowance for non-employees, and is not

generally used to pay the per diem meal allowance to employees. For more details about the Stored Value Card, read about the program on the [Procurement Services website](#).

When reimbursing students who also have an appointment with the university, the purpose of the travel should guide the reimbursement process:

- If the trip is related to academic pursuit, the reimbursement should be processed as a non-employee using the Travel and Business Hosting Expense Report form found on [the Shared Services Center website](#).
- If the trip is related to employment, the reimbursement should be processed using the university's travel and expense system

L. TRAVEL AND BUSINESS HOSTING CASH ADVANCES

Employees

Reimbursement of business expenses submitted and approved in the university travel and expense system occurs quickly; typically in a matter of days. Therefore, cash advances should be limited to employees with a compelling financial need to be used for travel or hosting related expenses only. Those employees may request an advance within a reasonable period of time before an authorized business trip or hosted event. The traveler's or host's immediate supervisor or higher administrative authority must approve the cash advance request. When requesting a cash advance greater than or equal to \$5,000, and less than \$10,000, approval is required by 1) Department Chair of an academic unit, or 2) Department Manager of a non-academic unit, or 3) the Senior University Officer responsible for the fund charged. Cash advances \$10,000 or greater require approval from a Chancellor, Dean, Director, Vice Chancellor, Vice President, or Senior University Officer.

A cash advance cannot be used to pay a per diem allowance in advance.

Non-Employees

If a cash advance is necessary for a non-employee student, the student's university sponsor must approve the request. The request must also be approved by the sponsor's higher administrative authority and requires the same approval procedures as if the university sponsor had requested the advance. Students may receive cash from the university's Cashier's Office. If the advance is for a non-employee university guest, the approval procedures are the same as for non-employee students. However, a university employee must pick up the cash or check at the Cashier's Office on behalf of the guest. The non-employee Cash Advance Form can be found on the [Procurement Services website](#).

M. CASH ADVANCE RECONCILIATION

Employees

An employee must reconcile outstanding cash advances in the university's travel and expense system as soon as possible, but no later than 45 days after the completion of the trip or event. In order to reconcile the advance, employees must *apply* the cash advance to the expense report in which the related expenses are reported. Any portion of the advance that was not used is to be recorded as "Cash Advance Return" in the university's travel and expense system, resulting in a payroll deduction to return any unused funds to the university. In cases where the planned trip or event is canceled, any advances must be reconciled and the funds returned through payroll deduction as soon as possible. Amounts owed to the university after expense advance reconciliation will be processed through payroll deduction.

An employee must reconcile outstanding cash advances in the university's travel and expense system before a new advance will be issued, except when another trip begins within five working days of the previous trip. In the event a cash advance is not reconciled, the employee may be subject to payroll deduction for the entire balance. If such a payroll deduction is necessary, the employee may not be eligible for advances in the future.

Upon termination of employment, all employees must promptly account for and return any outstanding advances.

Non-Employees

To reconcile a cash advance for non-employees, the unit must apply the cash advance against all related expenses

using a Travel and Business Hosting Expense Report found at the [Shared Services Center website](#). Any portion of an advance that was not used must be returned to the university and the unit must deposit to the same chartfields from which the advance was issued, attaching a copy of the cash receipt ticket to the report. The report should be submitted within 45 days of the return date of travel.

V. BUSINESS MEALS AND BUSINESS HOSTING

A. BUSINESS MEALS

Business meals are those taken with guests, colleagues, or donors, during which focused business discussions take place.

University representatives may be reimbursed up to the published limits on the Procurement Services website for approved, necessary, and reasonable business meal expenditures. When business meals include multiple university employees, it is recommended that the expense be paid for and expensed by the most senior university employee present.

Expenses that exceed the limits require a comment explaining why an exception to the policy is necessary. In addition, the amount exceeding the limits cannot be charged to federally funded projects.

For more information, refer to the university's [Policy on Indirect Cost Recovery Excluded \(ICRX\) Expenditures](#).

For limited exceptions for development and recruitment activities, see the [Procurement Services website](#).

B. BUSINESS HOSTING

The university will reimburse faculty, staff, and students up to the published limits on the Procurement Services website for approved, necessary, and reasonable business hosting expenses if such activities are directly related to university business. When business hosting includes multiple university employees, it is recommended that the expense be paid for and expensed by the most senior university employee present.

Expenses that exceed the limits require a comment explaining why an exception to the policy is necessary. In addition, the amount exceeding the limits cannot be charged to federally funded projects.

University departments may recognize the efforts of their employees with group recognition functions. However, discretion should be used, and all events should be reviewed for appropriateness prior to the occasion.

For more information, refer to the university's [Policy on Indirect Cost Recovery Excluded \(ICRX\) Expenditures](#).

For limited exceptions for development and recruitment activities, see the [Procurement Services website](#).

University funds may be used to cover non-food related costs of a hosted event. Care must be taken to select the most reasonable options available when planning a hosted event. For a list of allowable expenses, see the [Procurement Services website](#).

VI. For More Information

Refer to the Travel and Expense section of the [Procurement Services website](#) for a variety of resources and additional information about this SPG.

For questions about this SPG, contact Procurement Services at (734) 764-8212, option 2 or by email at procurement.services@umich.edu.

For assistance navigating within the travel and expense management system, contact the ITS Service Center at (734) 764-HELP (4357), or by email at 4HELP@umich.edu.

Attachment	Size
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All Faculty and Staff

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