

V. PAYMENT OF TRAVEL

A. PREPAID EXPENSES AND DIRECT CHARGES

Prepaid expenses such as transportation tickets and conference fees may be billed directly to the University. However, except as provided in Sections VIII.D, Payment of Group Subsistence Expenses, XI.A.3, Students, and XI.B.2, Prospective Employees, travelers are prohibited from charging travel-related lodging, meals, or miscellaneous expenses directly to the University. These expenses must be paid by the traveler when they are incurred, and a claim for reimbursement submitted at the conclusion of the trip.

B. CORPORATE TRAVEL CARDS

Under guidelines established by campuses, corporate travel cards may be issued to employees who travel on official University business.⁴ Any traveler issued such a card *should* use the card to pay for all expenses related to official University business travel, including lodging and subsistence, except where the card is not accepted. The cardholder will be billed directly for all expenses charged to the corporate card. The cardholder is personally responsible for paying *all* charges on the corporate card and for keeping the card current. ***The University will not reimburse or pay late fee charges incurred in connection with the corporate card.*** Corporate travel card payment delinquencies may result in the cancellation of the traveler's card or other corrective action.

Travelers who have been issued a University corporate travel card are required to use the card for cash advances, except under the circumstances listed below in Section C.1, Eligibility.

The corporate travel card is valid only while an individual is employed by the University, may be cancelled at the discretion of the University, and must be relinquished to the employee's department upon termination of employment.

C. CASH/NON-CASH ADVANCES

Travelers are required to use their corporate travel card to obtain cash advances for expenses incurred in connection with official University business travel, if the card provides this feature. Reasonable fees charged for obtaining a cash advance using the corporate travel card are eligible for reimbursement.

⁴ Banking Service, Financial Management, is responsible for negotiating contracts for campus corporate card programs.

1. Eligibility

Travelers who cannot obtain a cash advance through a corporate card may request a cash advance from the University, in accordance with the procedures established by the campus, under the following circumstances:

- The traveler is not eligible to participate in the corporate travel card program or has not yet been issued a corporate travel card;
- The campus's card program does not provide such a feature;
- The traveler has incurred credit card expenses that must be paid before a trip is completed;
- The travel requires special handling, such as foreign travel, group travel for athletics, bowl games, student groups, etc.

2. Issuance of Cash Advances

Cash advances must be issued *within 30 days* of when an expense is to be paid or incurred in order to satisfy IRS regulations and to meet the University's cash management objectives. The amount requested on the Travel Advance Request form shall not exceed a reasonable estimate of the out-of-pocket expenses needed for the trip.

Cash advances should not be authorized under the following circumstances:

- The traveler is 30 days delinquent in submitting a Travel Expense Voucher for a prior trip,
- The corporate travel card cannot be used due to the traveler's failure to meet the payment terms of the card; or
- The corporate travel card has been lost. (Lost cards should be reported to the corporate credit card company immediately and arrangements made for issuance of a replacement card.)

Since a traveler should have only one outstanding cash advance at a time per trip, each advance should be accounted for before another advance is granted. ***The traveler must submit a Travel Expense Voucher even if he or she is not owed any additional reimbursement, in order to document the business purpose for which the advance was issued.***

Section XII, Reporting Travel Expenses, contains information on substantiation of cash/non-cash advance expenses. Subsections A.1, 2, and

4 of Section X, Intercampus Travel Expenses, provide information on advances issued for intercampus assignments. Section XI.A.1, Visiting Academic Appointees, details special requirements related to handling advances for such appointees.

3. Cancelled or Postponed Trips

A cash advance must be returned immediately if an authorized trip is cancelled or indefinitely postponed.

A nonrefundable ticket associated with a cancelled trip must be used for the employee's next trip.

4. Unrecovered Advances

Sixty days after a trip is completed, the Accounting Officer (or other official designated by the Chancellor) should initiate proceedings for the recovery of any outstanding cash advances. Any advances that cannot be recovered from the traveler shall be charged to the account indicated on the Travel Advance Request or Check Request forms or as designated by the accounting office.

Accounting Manual chapter [R-212-2](#), Receivables Management, addresses the legal limitations with respect to the collection of delinquent accounts or other indebtedness incurred by employees.

a. Recovery Procedures

An employee's written permission must be obtained before an outstanding cash advance can be deducted from wages or from any other amounts due the traveler. If the employee's consent cannot be obtained, the campus may recover the debt through a collection agency.

b. Tax Considerations

Cash Advances. If an employee fails to substantiate expenses and return any unused cash advance amounts within 120 days of the end of a trip, the University is obligated under IRS regulations to consider such amounts as income to the employee. As a result, the amount of unsubstantiated expenses and unrecovered advances will be reported through the payroll system as additional wages to the employee no later than the first payroll period following the end of the 120-day period. The income and applicable employment taxes on the additional wages are to be withheld from the employee's regular earnings. *No refund of such taxes or any adjustment to*

gross income shall be made with respect to any substantiation or reimbursement received from the employee after the 120-day period. (For more information on tax withholding, see Accounting Manual chapter [D-371-12.1](#), Disbursements: Accounting for and Tax Reporting of Payments Made through the Vendor System.)

Non-cash Advances. Travel payments, such as registration fees, airline tickets, etc., made to a vendor on behalf of an employee who has not submitted a Travel Expense Voucher within the 120-day period are not reportable as income to the employee, *provided the expenses are ordinary and necessary business expenses*. This requirement will be satisfied if the payment procedures (e.g., check request form) substantiate the time, place, and business purpose of the trip.

D. PAYMENT OF EXPENSES ON BEHALF OF OTHERS

University travelers normally shall not be reimbursed for expenses paid on behalf of other persons, except in the case of co-travelers who are sharing a room. Exceptions to this rule, such as supervised group trips, must be approved in advance. (See Section VIII.D, Payment of Group Subsistence Expenses, for more information.)

E. CANCELLATION OF RESERVATIONS

Travelers who are unable to honor a reservation shall be responsible for canceling the reservation in compliance with the cancellation terms established by the hotel, airline, etc. The traveler must return any refundable deposits to the University.

Charges or lost refunds resulting from failure to cancel reservations shall not be reimbursed unless the traveler can show that such failure was the result of circumstances beyond the traveler's control.

The traveler shall be responsible for promptly returning for a refund any unused or partially used transportation tickets.