

## **BUSINESS EXPENSES & TRAVEL POLICY**

Northfield Mount Hermon School (the “School”, “NMH”) maintains a Business Expenses and Travel Policy that is governed by the Internal Revenue Code. Any employee utilizing the School’s corporate card, or employee requesting reimbursement for personal funds expended must adhere to these policies. Non-compliance will result in termination of your corporate card privileges and / or denial of reimbursement and you will be held personally responsible for any and all charges.

This Policy is Effective: July 1, 2018  
Any questions can be directed to the Business Office.

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## **I. POLICY OVERVIEW**

### **A. PURPOSE**

It is Northfield Mount Hermon's policy to reimburse individuals for ordinary and necessary business expenses and travel expenses incurred while traveling on business for the School. The policy and guidelines are necessary to assist the School in cost control and to standardize both the documentation and application of such expenses. It is also essential that we comply with the Internal Revenue Service ("IRS") regulations regarding Travel/Business expenses.

The purpose of the policy is to define the School's expectations for faculty and staff when incurring, reporting or approving expenses associated with business expenses and travel on behalf of the School. The School expects you to use good judgement for what is reasonable and appropriate to the business purpose involved when incurring travel expenses, and for reporting such expenses promptly and accurately.

In cases when employees combine personal travel with business travel, the School will reimburse only that portion of the incurred expenses directly associated with the employee's business travel. For international trips, there are additional factors that are required to be assessed if any portion of the trip is of a personal nature.

The School maintains a tax-exempt status in the Commonwealth of Massachusetts and New York. All purchases / costs (including lodging at hotels) should be exempt from sales tax.

### **B. ADMINISTRATION**

#### Corporate Credit Cards -

The School will provide an employee with a School corporate card upon request and approval of the employee's department head and Business Office. These credit cards are to be used for all business expenses wherever they are accepted. All Employees that receive a corporate card must comply with all corporate card policies. Inappropriate use of a School credit card may result in revocation of charge privileges or disciplinary action up to, and including termination. An employee terminated due to improper use of a School credit card will be responsible for all associated collection and attorney's fees.

#### Personal Credit Cards-

Personal credit cards may be used only if the School credit cards are not accepted, or if you do not have a School credit card. For large purchases (greater than \$500, prior approval is required by the Business Office in order to use a personal credit card. Other methods (check, purchase order, or authorization of a corporate card) may be more appropriate. The School will not pay any annual fees, late charges, or interest on a personal credit card. Personal charges are not allowed on the School corporate card. Inappropriate charges requesting reimbursement may result in disciplinary action up to, and including termination. An employee terminated due to improper use will be responsible for all associated collection and attorney's fees.

Personal Check / Cash-

An itemized receipt indicating check or cash payment is required for reimbursement. In lieu of an itemized "paid" receipt, a copy of the check/ bank statement showing it has cleared may be necessary.

It is your responsibility to ensure your expenses are consistent with this policy and that proper receipts (itemized / detailed receipts) and documentation accompany expense reporting forms. All expense reports / requests for reimbursement require approval of your immediate supervisor and are subject to review by the Business Office.

The Business Office is responsible for processing business expenses and reimbursement requests. Inconsistencies in compliance or documentation submitted will be denied by the Business Office and returned back to the employee's approving supervisor for correction.

## II. REPORTING PROCEDURES AND POLICIES

The School requires that all travel and business expenses be thoroughly documented.

### A. School Corporate Cards:

An employee utilizing a School corporate card must utilize the “TD Corporate Card Expense Reporting” (the School’s expense reimbursement software) for all expense reporting.

This allows for all documentation to be maintained, including supporting receipts, electronically, and for the employee to include the applicable expense accounts to charge and automatic flow for supervisor approval.

An employee is required to include a copy of their monthly credit card statement with their expense report.

All corporate card expenses must be submitted and approved prior to departure with NMH.

### B. Personal Credit Card / Cash/ Check Reimbursement / Vehicle Mileage Reimbursement:

An employee must submit a “Travel Reimbursement Voucher”. A voucher must be submitted for each trip and/ or expense (at a minimum on a monthly basis) and contain the following prior to submission: 1) All supporting itemized receipts / maps, 2) detail of the names, location, and business purpose of the expense, 3) the account number to charge, 4) employee signature, 5) supervisor signature.

### C. Deadlines:

#### School Corporate Card:

Corporate card statements are released between the 2<sup>nd</sup> or 3<sup>rd</sup> business day of the following month’s activity (i.e. for September 30<sup>th</sup> month end the report would be released October 2<sup>nd</sup> or 3<sup>rd</sup>). Statements are available on-line through TD Centre Suite. All expense reports are due by the 15<sup>th</sup> of the following month (i.e. September 30<sup>th</sup> statement reporting is due by October 15<sup>th</sup>); which includes all signoffs and approvals to be complete. Failure to adhere to this timing is a violation of the School Business Expense & Travel Policy and subject to credit card privileges being terminated and the Employee being personally liable for any and all expenses. Exception to this policy requires advance approval of the Business Office and exceptions will be minimal.

Personal Credit Card / Cash/ Check Reimbursement / Vehicle Mileage Reimbursement:

All Travel Voucher Reimbursement forms are due one month after the month in which the expense occurred (i.e. expenses in September requires submission (inclusive of all required receipts, signoff and approval) by the end of October. Failure to provide all documentation will delay processing and no reimbursements will be processed outside of the required deadlines.

YEAR-END EXCEPTION:

All corporate card and reimbursement deadlines are subject to accelerated timing for year-end reporting, June 30<sup>th</sup> and will be communicated by the Business Office every year by May 1<sup>st</sup>.

### III. ALLOWABLE EXPENSES

#### A. TRANSPORTATION

##### 1. Air Travel

The School utilizes Greater Falls Travel to book airline fares for large groups / individual trips. Employees are not restricted to this agent and may use another of your choice. If you utilize Greater Falls Travel, an invoice will be sent to Accounts Payable and it will be paid by check after your authorization. If you have any questions/concerns about these procedures please call Accounts Payable at extension 3202.

##### a. Seat Fare / Upgrades:

Reimbursement will be provided for coach class only. Upgrades (seat upgrades, boarding upgrades, or additional services) are considered personal expenses and will not be reimbursed.

##### b. Flight Insurance:

Flight insurance cost is your responsibility and not reimbursable.

##### c. Airline Clubs:

Membership in an airline club is a personal expense and is not reimbursable.

##### d. "Frequent Flyer" Programs:

Many airlines, hotel chains and car rental companies offer travel incentives through promotional programs, individual gifts and frequent flyer bonus plans which provide for upgraded and free/reduced travel. The cost of travel should not be increased in order to accumulate bonus points or any other incentives.

##### 2. Personal Automobile

Employees who utilize their personal automobile for business travel will be reimbursed for their automobile mileage at the Internal Revenue Service standard mileage rate that is in effect on January 1<sup>st</sup> for that calendar year. In accordance with IRS regulations, the School does not pay for commuting costs (mileage, tolls, etc.) which is the mileage from home to work (NMH – 1 Lamplighter Way, Mount Hermon, MA). Only incremental, work-related transportation expenses are reimbursable. Mileage should be based on the most direct route and specifically deduct your commuting mileage. For any travel on the weekend, 100% of the mileage will be reimbursed.

a) For mileage reimbursement, the distance is measured between the School and your destination. However, if an employee does not report to School, but goes directly to another location, he or she will be reimbursed for the mileage in excess of what normally would be travelled between his/her home and the School (i.e. “normal commute”). See examples below:

Employee lives in Amherst, and commute to School is 20 miles. Employee attends a training in Hadley for the day which is only 6 miles from their home residence and never drives to NMH. None of the mileage will be reimbursed.

Employee lives in Amherst and commute to School is 20 miles. The Employee drives to School in the morning and leaves early to attend a training in Hadley, which is 15 miles away from the School and 6 miles away from the Employee’s home. The Employee leaves directly from the training to go home. The Employee will be reimbursed 1 mile (Total miles driven =  $20+15+6 = 41$  less normal commute of 40 ( $20+20$ )).

Employee lives in Amherst and commute to School is 20 miles. The Employee goes to New Haven to catch the train to New York City for meetings. The mileage from Amherst to New Haven is 100 miles one way. The Employee will be reimbursed 80 miles each way ( $100-20$ ).

Employee lives in Amherst and commute to School is 20 miles. The Employee drives to School in the morning and then leaves to go to New Haven to catch the train to New York City for meetings. The mileage from School to New Haven is 120 miles one way. The mileage from New Haven to Amherst (the Employee’s home is 100 miles). The Employee will be reimbursed 200 miles for the trip ( $120$  (as the Employee made their normal commute in the morning) +  $100 - 20$ ).

b) A printout of MapQuest or other related map software with starting and ending locations and noted mileage is required to be submitted on the Travel Reimbursement Voucher. This mileage allowance is provided to cover gasoline, oil, repairs, tires, maintenance, insurance and any other operating expense. Vehicle expenses of this nature are not reimbursable except on a mileage basis.

c) Other required documentation on the Travel Reimbursement Voucher is:

- 1) Detail of the names, location, and business purpose of the expense
- 2) The account number to charge,
- 3) Employee signature

4) Supervisor / Head of Dept. approval

### **3. Rental Vehicles**

Employees may rent a vehicle for School business. Vehicle rental should not be used unless the cost of rental is less than other available transportation options such as use of a personal vehicle, taxi or airport limousine services. A compact or intermediate car should be chosen if renting a vehicle unless special circumstances exist. Proof of lowest cost option will be required when submitting expense reports.

#### **a. Collision Damage Waiver (CDW):**

For those traveling on business for NMH and using and NMH corporate card, please rent from either Enterprise or National. The corporate number for NMH is XZ48B34 which accesses special pricing for NMH and includes insurance coverage. Please refer any questions to Mary Franzoso at x3040.

For those renting a vehicle for school business with a personal credit card it is advisable, and reimbursable, to purchase the offered CDW.

### **4. Bus / Taxi / Uber / Other**

If additional ground transportation is needed to reach a local hotel or business site the least expensive transportation, such as shuttle bus, taxi or limousine should be used.

### **5. Parking and Tolls**

Actual parking fees and toll charges are reimbursable when accompanied by a receipt or printout of an account statement (ex. Ez Pass Statement).

## **B. HOTEL/MOTEL ACCOMMODATIONS & GUEST STAYS**

### **1. Reservations**

The daily cost of lodging is a reimbursable expense when you are away from home on School business. Reimbursement is based on a reasonable single occupancy room rate and applicable taxes. Preferred hotels recommended by the travel agency and the minimum corporate rate should be used whenever possible in booking accommodations.

### **2. Guaranteed Reservations:**

All hotel/motel reservations may be guaranteed to your School credit card. If you do not have a School credit card, the reservation may be guaranteed to a personal

credit card. Employees are responsible for canceling unused reservations prior to each hotel's cancellation deadline (normally 6 pm on the scheduled day of arrival) to avoid "no-show" charges.

### **3. Employees staying with Alumni / Prospective donors:**

If an employee opts to stay with an Alumni (non-related to the Employee) or Prospective donor while travelling, in lieu of staying in a hotel, the employee can provide a gift to the host / provide dinner for the Alumni / Donor in an amount not to exceed what the lowest-cost hotel/motel would have been for that visit. Supporting documentation of a nearby hotel cost should be provided when submitting the request for reimbursement.

## **C. MEALS**

### **1. Personal Meals – Travelling on Business**

According to IRS regulations, meals expense may be reimbursed for any meals while you are traveling on behalf of the School. The IRS requires the following documentation in order to reimburse meals:

- \*Who attended (list the names of all employees in attendance)?
- \*What was the business purpose?
- \*The cost (supported by itemized receipt (not just the credit card charge))?
- \*The location?
- \*The date?
- \*Description of meal (i.e. lunch, dinner)?

This information must be submitted with your documentation or it will be denied and you will have to personally reimburse the School.

The following guidelines for reimbursement (inclusive of tip) should be used (for a total of \$60 per day):

- 1) Breakfast - \$10
- 2) Lunch - \$20
- 3) Dinner - \$30

\*\*\*Snacks (coffee, water, gum, candy, etc.) throughout the day (other than mealtime) are of a personal nature and will not be reimbursed.

### **2. Bar / Alcohol Charges:**

Employees on business are expected to remain professional at all times. The School will only reimburse one (1) alcoholic beverage (for dinner only) per day. All additional alcohol is a personal expense.

For larger gatherings, reasonable bar charges will be reimbursed **only** when it is of a business nature.

### **3. Personal Meals – Not Travelling**

No meals (or expenses associated with meals) are to be reimbursed by the School for employees entertaining themselves. This includes employee lunches when the School Dining Hall is closed.

## **D. ENTERTAINMENT**

### **1. Employee-Only Entertainment**

No employee-only entertainment/ fringe benefits/ luxury items will be reimbursed by the School. While these things may occur to encourage department morale, these are personal expenses and will not be reimbursed by the School.

## **E. MISCELLANEOUS EXPENSES**

1. The following expenses will be reimbursed:

### **1. Cell Phone / Telephone Expense**

- a) Cell phone /hotel telephone room charges incurred while travelling internationally for School business will be reimbursed. Employees should make arrangements to include an international plan on their cell phone while travelling internationally to reduce the expense. The School will reimburse for the additional coverage, as well as any additional calling charges upon proof of international travel for School business.
- b) Cell phone monthly charges, outside of International travel, will not be reimbursed by the School. The School has determined specific individuals that require a cell phone for the School and those employees have been issued a School phone and plan. The School phone is to be used minimally for personal use. If there are extra charges or excess usage the employee will be held personally liable.

### **2. Cleaning, Pressing and Laundry**

Cleaning, pressing, or laundry charges are reimbursable on trips exceeding 10 days.

### **3. Other**

Other reimbursable expenses include internet, postage, business faxes, gratuities (no more than 20%), and baggage handling, when required for School travel.

2. The following expenses **will not** be reimbursed:

**1. Personal Expenses Incurred at Home**

Personal expenses such as lawn care, snow removal, babysitting expenses or kennel fees incurred due to School business travel will not be reimbursed.

**2. Luggage**

The School will not reimburse the cost of replacing luggage, its contents, or personal belongings lost or damaged while traveling on business. Claims for such losses must be placed directly with the airline, hotel or other business involved.

**3. Personal Items and Entertainment**

Personal items such as cigarettes, magazines, newspapers and toiletry articles are not reimbursable. Personal entertainment charges such as theater tickets, movies at the hotel, health clubs, pool fees and sporting events will not be reimbursed. Animal charges for hotels will not be reimbursed.

**4. Loss of Theft of Personal Property**

NMH assumes no responsibility for personal property lost or stolen while traveling on School business. Insurance coverage may be available through a private insurance agency. Many 'homeowner' policies cover such losses.

**5. Traffic Citations**

NMH will not provide reimbursement for any traffic violations or parking fines incurred.

**IV. INTERNATIONAL TRAVEL ONLY**

**A. ADVANCES**

1. Cash Advance – prior to the trip
  - a. The School will provide cash advances, upon request, to employees while travelling on INTERNATIONAL School business only.
  - b. Cash advances are approved by the employee's immediate supervisor and subject to Business Office approval, and are available in amounts from \$500 – 2,000 (\$100 / per day to the maximum \$2,000).
  - c. Cash advances are held as advances against your account until they are returned or cleared by submission of travel expenses (either through the TD Corporate Card Expense Report or the travel voucher).
  - d. Loss or theft of the advance is the sole responsibility of the Employee and will be held accountable personally for the funds.
  
2. Cash Advance – utilizing the School corporate card
  - a. The School credit card may be used to obtain cash at an automatic teller (ATM) if you require more funds while traveling than the amount secured through a travel advance. The cash advance is subject to the same limits as travel advances and should be accounted for with receipts through submission of travel expenses, inclusive of any transaction fees.

**B. BUSINESS / PERSONAL**

The IRS rules governing travel outside the US differ from those for domestic travel in two primary ways. 1) The documentation standards are a bit more extensive than those for domestic travel. 2) If you combine business and non-business activities during travel outside the U.S., a portion of your Round-trip Travel Expenses to and from your destination may be personal expenses which you may not submit for reimbursement. Round-trip Travel Expenses include your air fare and other expenses you incur leaving and returning to the US, e.g., meals expenses during the trip, and moving between overseas destinations on your trip.

If your travel outside the United States is primarily but not exclusively for business, meaning you spend some of your time on personal activities and you do not meet the criteria in situations A, B or C below:

A - All of your trip is for business - If you travel outside the United States and you spend the entire time on business activities, you can submit all of your travel expenses.

B - Travel considered entirely for business - Even if you did not spend your entire time on business activities, your trip is considered entirely for business if you were outside the United States for a week or less, combining business and non-business activities. One week means 7 consecutive days. In counting the days, do not count the day you leave the United States, but do count the day you return to the United States.

C - Less than 25% of time on personal activities - Your trip is considered entirely for business if:

- You were outside the United States for more than a week, and You spent less than 25% of the total time you were outside the United States on non-business activities.

Then you can generally only submit for reimbursement the business portion of your Round-trip Travel Expenses and those other expenses incurred on business days (lodging, meals, taxis, etc.). The United States comprises the 50 states and the District of Columbia.

Business-related Round-trip Travel Expenses are determined as:

$$= \frac{\text{The total number of business days outside the United States}}{\text{The total number of travel days outside the United States}} \times [\text{Round-trip Travel Expenses}]$$