

Diocese of Dallas

Policy on Expense Reimbursements

Summary

This policy is intended to:

- provide a clear and consistent understanding of the travel and miscellaneous expense reimbursement policy;
- ensure compliance with applicable federal regulations;
- promote the reasonableness of costs incurred by any Entity for travel and other reimbursed expenses.

This policy applies to each diocesan entity, defined as parishes, parochial schools, diocesan high schools, seminaries, Catholic Charities of Dallas, Inc., St. Joseph's Residence, Inc., Texas Catholic Newspaper or Calvary Hill Cemetery, herein referred to as "Entity".

The Entity should assure that those who travel on church business or are reimbursed for other expenses make every effort to keep costs within reasonable limits and to follow consistent policy and procedures with respect to the reimbursement of these expenses. The provisions of this policy must be applied consistently to all reimbursable expenses incurred by individuals, whether lay employees, volunteers, deacons, seminarians or priests. Additional restrictions may apply to travel expenses funded by sponsored projects.

This travel expense reimbursement policy meets the Internal Revenue Service (IRS) definition of an accountable plan. As a result, expenses and reimbursements that conform to this policy are not reported as taxable income to the individual.

Non-reimbursable Expenses

The following expenses are not reimbursable under this policy:

- Personal grooming services, such as barbers, hairdressers and shoe shines
- Car rental insurance purchased for domestic travel
- Child care
- Credit card delinquency fees or finance charges
- Dues in private clubs
- Frequent flier and other similar awards for hotel and car rentals
- Gym and recreational fees, including massages and saunas
- In-room movies
- Insurance costs such as life insurance, flight insurance, personal automobile insurance and baggage insurance

- Food supplements
- Laundry or valet service for travel of fewer than five days
- Lost baggage
- Loss or theft of cash advance money, airline tickets, personal funds or property
- "No-show" charges for hotel and car service
- Fines, parking tickets or traffic violations
- Personal automobile maintenance and repairs (see Policy on Compensation for Priests regarding reimbursements to priests)
- Personal credit card annual fees, late fees or interest
- Personal telephone charges in excess of reasonable calls home, generally one per day
- Pet care
- Upgrades (air, hotel, car, etc.)

Exceptions

The administrative head of each Entity has sole authority to approve exceptions to provisions of this policy. Approved exceptions must be explicitly justified as beneficial to the Entity and generally require the recommendation of the individual's immediate supervisor.

Non-Travel Expenses

Priests, employees and volunteers may occasionally need to be reimbursed for non-travel expense. Those types of expenses should be rare and approved in advance. Entity's purchases of goods and services should be direct by the Entity to take advantage of purchasing discounts and the state and city sales tax exemption available to the Entities, but not available to individuals.

In any event, reimbursable non-travel expenses should be paid in keeping with the spirit of this policy and procedures. These reimbursable expenses also require complete documentation of the business purpose and the receipts in order to be considered for reimbursement.

Responsibilities

Traveler

Travelers should spend Entity funds prudently. Business travel expenses will be reimbursed by the Entity only if the expenses are reasonable, necessary and in accordance with this policy. Individuals who incur business travel expenses should neither gain nor lose personal funds as a result of their travel.

The traveler is responsible for submitting all forms related to his/her travel within 30 days of returning to the Entity. The traveler may delegate responsibility for preparation of the forms but will always retain accountability for travel expenses. Individuals preparing expense reports have the responsibility for applying the correct account to each receipt to ensure compliance with sponsor, donor and Entity requirements.

Receipts are required for actual daily meal costs. If such costs exceed IRS guidelines for business travel within the United States, such expenditures might not be reimbursed.

Receipts for lodging expenses are always required. All other business travel expenses require dated, original receipts or invoices whenever each expense is \$25 or greater.

Authorized Approvals

All reporting forms related to travel must be approved by the immediate supervisor and/or the administrator or designee with appropriate decision-making authority. The authorized approver is responsible for verifying the following:

- Business purpose of the travel is valid, clearly documented and directly related to official church business.
- Total cost of the trip is within the approved budget.
- Expenses are charged to the proper accounts.

Reporting forms should be created by each Entity.

Authorized Central Reviewer

All approved forms related to travel must also be reviewed by an authorized central reviewer at the Entity. The authorized reviewer is responsible for ensuring compliance with this policy and must verify that expenses are reasonable and meet the following criteria:

- Information contained on the expense report and in the accompanying documentation must be complete, logically organized, accurate and in accordance with this policy.
- Expenses must conform to any requirements imposed by the IRS, granting agencies or other sponsors as applicable.
- Expenses must be charged to the proper general ledger accounts.
- Authorized reviewers may not authorize reimbursement of their own travel expenses.

Expense Advances

There may be occasions (such as foreign travel or travel for an extended period) when a cash advance for travel is appropriate. Advances will be issued no earlier than one week prior to the traveler's departure date. Advances will be deducted from the traveler's next submitted expense report.

Foreign Travel

Domestic travel is any travel within and between any of the 50 states of the United States and its possessions and territories. Travel to Canada is also considered domestic. Foreign travel is travel to any other country.

Travel to Countries Under State Department Advisory

The U.S. State Department maintains a list of countries for which travel advisories have been issued. **Travel Warnings** are issued when long-term, protracted conditions that make a country dangerous or unstable lead the State Department to recommend that Americans avoid or consider the risk of travel to that country. A Travel Warning is also issued when the U.S. Government's ability to assist American citizens is constrained due to the closure of an embassy or consulate or because of a drawdown of its staff. The link to the State Department's web site for travel advisories is: http://travel.state.gov/travel/cis_pa_tw/tw/tw_1764.html.

Requests for travel to countries under State Department Travel Warning must be made in writing at least two full weeks prior to the requested departure date and forwarded to the Diocesan Office of Risk Management to ensure proper insurance coverage for the traveler.

Foreign Currency Exchange

The U.S. dollar equivalent should be included on receipts for purchases in foreign currencies. Use the Web currency converter located at www.oanda.com/converter/classic to determine the correct exchange rate to enter in the on-line expense report. If a copy of the traveler's credit card statement is included with receipts, reimbursement will be for the amount shown for the item on the credit card statement.

Transportation

This section contains information on reimbursable transportation expenses.

Transportation Tickets

A copy of the transportation tickets are required for each expense that is \$25 or greater. Transportation receipts should include dates, destinations and amounts.

Air Travel

Travelers must purchase the lowest-priced tickets available using a commercial discount airfare.

Exceptions may be allowed if the lowest-priced fare would:

- require circuitous routing;
- require travel during unreasonable hours;
- excessively prolong travel;
- greatly increase the duration of the flight;
- result in increased costs that would offset transportation savings;
- be inadequate for the medical needs of the traveler.

In order to be reimbursed, justification for any of the aforementioned exceptions must be approved in advance by the person who would be approving the expense report and should be documented on the expense report. In the unusual event that Entity approves business-class or

first-class travel based on factors other than those listed above, the cost and related approval must be obtained in writing in advance of the travel.

Travelers should make reservations as soon as travel plans are finalized to obtain advance purchase discounts. When convenient, travelers should consider staying over on a Saturday night, which could result in airfare savings of more than 40%. The Entity will reimburse travelers for additional meals and lodging associated with a longer stay if such costs are less than the airfare savings resulting from an earlier arrival or later departure.

Upgrades

An upgrade will not be reimbursed. A free upgrade must be noted on the expense report filed for the respective trip to demonstrate that the Entity did not pay for the upgrade.

Frequent Flier Programs

The Entity cannot reimburse travelers for tickets purchased with frequent flier miles.

Airport Airline Club Memberships

The Entity will not pay dues for membership in airline clubs.

Advance Purchase of Miles

Advance purchase of travel miles is not permitted and will not be reimbursed.

Early Reimbursement of Airfare Purchase

If transportation tickets are purchased with personal funds far in advance of the trip, travelers may be reimbursed by submitting an expense report prior to the start of their trip.

Private or Personal Aircraft

Use of personal or private aircraft is not allowed for church business.

Rental Cars

Long distance travel by rental car is discouraged, since it increases travel time and places the Entity at higher risk for business travel accident liabilities.

The Entity will reimburse the traveler for the cost of renting a compact or standard-size car and for the automobile-related expenses if use of the rental vehicle is the most economical mode of transportation. Upgrades to full-size cars, navigation systems, prepaid fuel, satellite radio, etc. will not be reimbursed. Before renting a car, the traveler should consider shuttle services and taxis, particularly for transportation between airport and lodging. Mileage is not reimbursable for rental cars. In these cases, the direct cost of gasoline may be reimbursed.

Car rental agreements for both employees and non-employees renting cars for Entity business should, for insurance reasons, include the Entity name with the name of an individual.

Accident Notification

If a rented vehicle is involved in an accident, the Diocesan Director of Risk Management should be notified by phone no later than the following business day.

Insurance

For the traveler to be covered by the rental agency's basic insurance, the rental vehicle may not be driven by persons other than the renter or leave the state in which it is rented without the agency's permission.

The following describes the circumstances under which travelers should accept car rental insurance.

Renter	Coverage			
	LDW/CDW ¹	LIS/ALI ²	PAI ³	PEC/PEP ⁴
The Entity employee renting within the United States	<i>Optional</i> The Diocesan insurance provides coverage. Reimbursed.	<i>Do not accept</i> The Diocesan insurance provides coverage. Not reimbursed.	<i>Do not accept</i> The Diocesan insurance provides coverage. Not reimbursed.	<i>Optional</i> The Diocesan insurance does not cover. Employee's homeowner's policy may cover this. Not reimbursed.
The Entity employee renting outside the United States	<i>Accept</i> The Diocesan insurance does not cover. Reimbursed.	<i>Accept</i> The Diocesan insurance does not cover. Reimbursed.	<i>Do not accept</i> The Diocesan insurance provides coverage. Not reimbursed.	<i>Optional</i> The Diocese insurance does not cover. Employee's homeowner's policy may cover this. Not reimbursed.
Non-employee on Entity business in U.S.	<i>Optional</i> Reimbursed.	<i>Optional</i> The Diocesan insurance does not cover. Reimbursed.	<i>Optional</i> The Diocesan insurance does not cover. Not reimbursed.	<i>Optional</i> The Diocese insurance does not cover. Employee's homeowner's policy may cover this. Not reimbursed.

1. Loss Damage Waiver/Collision Damage Waiver: Protects from liability for damage caused by collision or roll-over.
2. Liability Insurance Supplement/Additional Liability Insurance: Protects from liability for damage claims by a third party.
3. Personal Accident Insurance: Coverage in event of your accidental death or dismemberment.
4. Personal Effects Coverage/Effect Protection: Coverage for lost or damaged items.

Other Ground Transportation

Travelers should select the most cost effective means of grounds transportation, whether shuttle, taxi, limousine or local bus, as needed to travel between business locations.

Private Automobiles

The Entity will pay a standard rate per mile (not to exceed the IRS allowed maximum rate) for official Entity business travel by private automobile based on the actual driving distance by the most direct route (excluding the employee's daily commuting distance). In addition to the standard mileage allowance, necessary and reasonable charges for the following automobile-related expenses are allowed: tolls, ferries, parking, bridges, tunnels, and liability and physical damage insurance coverage (for driving in foreign countries). Traffic ticket and parking ticket expenses will not be reimbursed. Documentation must include the business purpose, the to/from points and the round trip or one way reimbursable mileage.

Other Forms of Transportation

For travelers using railroads, non-local buses or other commercial vessels the entity will pay the cost of the lowest first-class accommodations available for the trip. Reimbursement will not exceed the commercial airfare that would be reimbursable for the same trip.

Lodging

The Entity will reimburse a traveler for allowable actual lodging expenses incurred during Entity-related travel. Lodging receipts are required.

Meals and incidentals on lodging receipts must be itemized separately. A lodging receipt must include all of the following information:

1. The name and location of the lodging establishment.
2. The dates of stay.
3. Separate amounts for charges such as lodging, meals, internet use and phone charges.

Room Charges

The Entity reimburses travelers for the single occupancy cost of a standard room. Travelers should always select a hotel that is the most economical for their business trips.

When traveling to a conference, it is appropriate to stay at the hotel hosting the conference, assuming that the daily rate is not unreasonably expensive relative to other alternatives.

Deposits and Cancellations

Hotels normally hold a room without prior financial commitment until approximately 6:00 p.m. on the check-in date (local destination time). In order to hold a confirmed reservation beyond that hour, the hotel will generally require an advance deposit (normally prepayment for one

night) or a guarantee by the traveler's credit card. After a deposit is submitted or a guarantee is made, the traveler is responsible for notifying the hotel of cancellation. The traveler will not be reimbursed for the deposit or guarantee penalty if he/she fails to make a cancellation notification unless there are extreme extenuating circumstances beyond the control of the traveler (for example, a canceled flight). Such circumstances must be documented on the expense report.

Some hotels hosting large conferences may require a prepayment irrespective of the guest's arrival time. Such prepayments should generally be charged to the traveler's credit card. If the traveler cannot use the card, or the prepayment is required in excess of ten days before the conference, the prepayment can be made directly by the Entity to the hotel with an appropriately documented disbursement request.

Hotel Frequent Guest Programs

Business travelers will not be reimbursed for free accommodations awarded in connection with hotel frequent guest programs.

Laundry

Travelers will be reimbursed for reasonable and actual expenses for laundry services that are necessary due to an absence from home for five or more days or when unusual and documented circumstances mandate these services. These circumstances should be included on the expense report.

Telephone

Travelers will be reimbursed for telephone, fax and computer connection costs that are reasonable and necessary for conducting Entity business. A reasonable number of personal telephone calls, generally one per day, which allow travelers to stay in contact with their families, are also reimbursable.

Meals and Incidentals

The Entity will reimburse a traveler for allowable meal and incidental expenses incurred during Entity-related travel.

Incidental expenses include fees and tips for persons providing services, such as food servers, hotel housekeeping and luggage handlers. Incidental expenses do not include ground transportation, telephone calls or laundry. These expenses will be reimbursed based on actual costs as described above.

Meals and incidentals on lodging receipts must be itemized separately.

Actual Cost Reimbursement

The Entity will generally reimburse travelers for up to three meals a day. On the days of travel to or from the destination, the individual's departure and return times should determine whether a meal was incurred during the period of travel.

1. Total meal expense for the day should generally be reasonable and in line with the costs at the locations for the general types of food the traveler would normally eat. Restaurant receipts are required.
2. Individual meals which total more than \$40 should include justification.

The Entity will not reimburse for gratuities that are greater than the accepted standards. (Currently, the domestic standard is 15-20% of the total bill; international standards may vary.)

Expenses for Meals for Others

Travelers sometimes pay for meals for others. These expenses are reimbursable when the name(s) of the meal attendees are listed and the business purpose of the meal is justified. Meals for others will be reimbursed at actual cost provided the attendee(s)' names, their affiliation, the purpose of the meeting and the original receipt and detailed documentation is provided by the traveler. Additionally, any meal that totals more than \$40 should include justification of the amount in order to be considered for reimbursement.

Meal Receipts

Restaurant receipts, when required, must include all of the following information:

1. The name and location of the restaurant.
2. The number of people served.
3. The date and amount of expense.

Gratuities should be shown on the credit card receipt or restaurant receipt.

Receipts

Required Receipts

Receipts for lodging are *always* required. All other reimbursable expenses require dated, original receipts for each expense of \$25 or more. These receipts must be submitted with expense reports.

Other Expenses

Travel expenses under \$25 (such as taxi fares or tips) do not require receipts. Receipts under \$25 may be submitted with the expense report. Regardless, the amounts claimed must be accurate.

Lost Receipts

If a lodging or other receipt equal to or greater than \$25 is not issued or is lost, a detailed log will serve as sufficient documentation of the actual cost. The Entity expects that a good faith effort will be made by travelers to collect and retain all required receipts. Receipts are always the preferred form of documentation.

One-day Travel

In general, trips of less than 50 miles one way do not qualify for reimbursement for an overnight stay. The Entity, following IRS regulations, should not allow travel meal expense for one-day travel. However, a bona fide business meal may be reimbursed.

Non-business Days

Weekends, holidays and other necessary layover days may be counted as business days only if they fall between business travel days. If they are at the end of a traveler's business activity and the traveler remains at the business destination for non-business reasons, reimbursement is not allowed for the additional days. The only exception is when travel is at a lower total cost if the traveler stays over a weekend or holiday. This case must be explicitly justified on the travel expense report.

Miscellaneous Expenses

Certain miscellaneous expenses essential to the purpose of authorized travel will be reimbursed. Miscellaneous travel expenses include:

- Meeting Expenses: Registration (if not prepaid), costs of presentations, published proceedings, rental of meeting rooms, and other actual expenses in connection with professional meetings, conferences and seminars will be reimbursed.
- Excess Baggage: Charges for excess baggage are reimbursable only when the traveler is transporting materials for business or when the extended period of travel necessitates excess personal baggage.
- Foreign Travel Costs: Actual costs of acquiring passports, visas, tourist cards, necessary photographs, birth certificates, required inoculations, immunizations, health cards and fees for the conversion of funds to foreign currencies are reimbursable.

Combining Church and Personal Travel

The Entity does not pay travel expenses that are not required for official Entity business.

Indirect Routes

If the traveler takes an indirect route or interrupts a direct route for other than Entity business, reimbursement for air fare will be at either the actual charge or the charge that would have been incurred by traveling the direct route by the most economical means, whichever is less.

Rental Cars

Any personal portion of the cost of a rental car must be subtracted from the total rental bill before requesting reimbursement. The personal portion is calculated by prorating the cost of the rental over the number of days for personal use and number of days for business use.

Insurance

If the traveler accepts extra insurance cost for a domestic car rental in order to be covered during the personal portion of the trip, the entire cost of the insurance coverage for the entire rental period will be a personal expense and not reimbursable. However, if the rental occurs in a foreign country, the cost may be prorated.

Travel Expenses of Spouse and Others

In general, the expenses of a spouse, family or others accompanying the business traveler are not reimbursable.

Spouse's Role

The Entity will not reimburse spouse's travel expenses when a spouse attends a meeting or conference. When a spouse who attends a function has a significant role in the proceedings or is involved in fundraising activities, this constitutes a valid Entity business purpose. Prior to travel for such purposes, all reimbursed spousal travel must be approved by the appropriate supervisor. In such cases The Entity will reimburse the business traveler for the spouse's non-personal expenses directly resulting from travel on Entity business. The business purpose for the spouse's expenses must be stated on the expense report.

Hotel Rates

When a double hotel room is occupied by the business traveler and others whose attendance does not constitute a business purpose, The Entity will reimburse at the single room rate. In all cases, only reasonable and necessary accommodations will be reimbursed.

Visitors Traveling to the Entity

If a guest is visiting the Entity for business purposes and Entity has agreed to reimburse the guest for travel expenses, the guest may request reimbursement under this policy and avoid taxable income reporting under this accountable plan. Any guest, visitor or consultant requesting reimbursement but not substantiating expenses as required under this policy will be subject to taxable income reporting on IRS Form 1099 and may be subject to withholding of federal income taxes from the reimbursement.

Payments to Local Hotels and Transportation Services

If a guest is visiting the Entity for business purposes, and the Entity has agreed to provide lodging and local transportation, payment for such expenses can be made directly by the Entity to a local hotel or licensed transportation service. The guest may also pay for expenses directly and submit an expense report following the provisions of this policy.