Minnesota Department of Corrections

Policy:	**104.461**	**Title: Employee Reimbursement for Travel and Other Business Expenses**
Issue Date:	**7/19/16**	
Effective Date:	**1/2/18**	

AUTHORITY: Minn. Stat. §§15.014; 15.059; 15.0593; 15.435; 16B.55; and 43A.38
Applicable labor agreements and compensation plans

PURPOSE: To provide all state employees with reimbursement for travel and necessary expenses incurred in connection with assigned official duties.

APPLICABILITY: Minnesota Department of Corrections (DOC); all employees and non-state employees requesting reimbursement for travel (in-state, out-of-state and international) and other expenses regardless of the source of funds from which the reimbursement is made.

POLICY: All requests for the reimbursement of employee expenses must be approved by the employee's supervisor. Out-of-state and international travel must be approved in advance in writing and requests for reimbursement for all travel expenses must be made in a timely manner. All in-state travel requires advance verbal approval by the employee's supervisor. Actual expenses are paid according to the time frames specified in labor agreements and compensation plans. These reimbursements must comply with the travel expense policies and procedures of Minnesota Management and Budget (MMB), the Department of Administration and the DOC, and with labor agreements and compensation plans.

DEFINITIONS:

Department – the department or the appointing authority or official designee for the department.

Designated accounting unit – the financial services unit at central office or at the facility responsible for paying an employee's expenses.

Employee Expense Report – describes the form to be completed and routed for approval either online in Self Service, or the paper copy form.

Itemized receipt – the first detailed source document issued to the employee marked by the vendor indicating the bill or invoice was paid. It is not a copy or reproduction. If it is a receipt from a receipt book, it must include the name and address of the vendor, date, detailed list of items, total amount, date paid, and vendor signature.

Travel status – the situation that occurs when an employee is outside of the geographic boundaries of his/her assigned work area on a work assignment.

Work area – a specific geographic area of the state encompassing the assigned workstation within which intermittent, limited and/or short-term travel may be necessary in the performance of duties. For the purpose of this travel policy, the specific geographic boundaries of an employee's work area falls within a 35-mile radius of the employee's workstation.

Workstation – a specific location (building or facility) where an employee generally carries out his/her official duties or assignments.

PROCEDURES:

A. Timing of expense payments

1. Reimbursements are issued for employee expenses, also called travel expenses or business expenses, on the payroll on-cycle and appear on the same day as the employee's payroll warrant

2. Deadlines for entering employee expenses are the same as the deadlines for payroll input. If properly completed expense reports are received by Tuesday, the last day of the pay period, the expense reimbursement must be entered into SEMA4 and included in the employee's payroll warrant for that pay period.

B. Responsibilities of employee, supervisor and department

1. Employee: every employee who travels on state business at state expense is responsible for the accurate completion of all required forms, including the Employee Expense Report (attached). If travel is out-of-state, approval must be obtained in advance using the Authorization for Travel form (attached), and the Request for Approval of Special Expense for international travel.

a) The employee must include only actual expenses and amounts, not to exceed amount authorized by the department and by the employee's labor agreement or compensation plan.

b) An employee may not assume the expenses of another employee on his/her expense report.

c) The employee is responsible for attaching all required itemized receipts.

d) The Employee Expense Report must be submitted within 60 days of incurring the expense.

(1) Employee Expense Reports submitted after 60 days are taxable.

(2) For tax purposes, an Employee Expense Report is considered submitted when the employee has signed and dated the expense report.

2. Supervisor: must review all travel requests and approve them if the necessity for travel was valid and the expenses are in compliance with travel policy and labor agreements or compensation plans.

a) The supervisor is also responsible for ensuring that all items required on the report have been completed, including funding information, if costs are not being applied to the funding string from which the employee is paid.

b) The supervisor must ensure that the required original itemized receipts are attached, and that lodging was not direct-billed to the agency.

c) The supervisor must either sign and date the report and forward it to financial services or return the Employee Expense Report to the employee for corrections.

3. Financial services: reviews and pre-audits all expense reimbursement payments for compliance with state laws and policies; ensures the Request for Approval of Special Expenses form (attached) or the Authorization for Travel form are completed as necessary, and receipts and other documentation are present.

a) Finance may return the expense report to the employee or their supervisor for clarification or corrections, as needed.

b) If the Employee Expense Report is complete and the expenses are reimbursable, financial services staff must enter the payment into the payroll system (or accounting system for non-state employees) and file the related receipts and approval documents attached, in the payment files.

(1) Employee Expense Reports must be processed according to the time frames specified in labor agreements and compensation plans.
(2) Paid expense reports, with corresponding receipts, are retained according to the finance retention schedule.

c) Finance must ensure that delinquent reimbursement requests (submitted more than 60 days from the time expenses were incurred) are appropriately taxed.

d) The Employee Business Expense Outstanding Advances report (FIU0400) must be reviewed on a biweekly basis. Outstanding advances must be settled by the recapture date.

e) Questions on business expenses and travel reimbursement must be directed to financial services.

f) Employees who do not comply with the state travel policy, advance policy, collective bargaining agreement/compensation plan, or DOC policy, including the requirement for receipts, may be subject to the delay or withholding of reimbursement, or disciplinary action as determined by management.

4. Department: the DOC must train supervisors to make sure they understand their responsibilities when signing Employee Expense Report forms for their subordinates.

C. Approval required in advance:

1. The DOC must authorize, in advance and in accordance with DOC procedures, all travel at state expense when such travel is necessary to conduct state business.

2. Approvals are verbal for in-state travel and written for out-of-state travel.

3. The employee must obtain advance approval for travel at state expense in accordance with state laws, policies, procedures and applicable labor agreements or compensation plans.

4. If applicable, the employee must complete a Request For Approval of Special Expenses and submit it in accordance with DOC Policy 104.460, "Special Expenses;" or complete an Authorization for Travel and submit it to his/her supervisor.

D. Direct billing of airfare, lodging and conference fees

1. Only lodging and conference fees may be directly billed to the department. Airfare must be billed reserved by the employee, and paid for with a state purchasing card approved for that purchase by the CFO.

2. Meals and other miscellaneous costs may not be directly billed with lodging costs to the department.
   a) Meals and other miscellaneous expenses must be paid at the time of checkout and submitted on the Employee Expense Report.
   b) Non-reimbursable costs, such as movie rentals, must be paid at the time of checkout.

E. Special expense approval:

1. All special expenses must have advance approval.

2. Some examples of special expense items include: meals or lodging within an employee's work area, meals over the maximum amount authorized by the employee's labor agreement or compensation plan, committee/meeting refreshments, in-state conference and

registration fees costing $500 or more per employee and reimbursement for damage to personal property.

3. Refer to the specific sections concerning individual expenses in DOC Policy 104.460, "Special Expenses," for detailed information.

4. The Request for Approval of Special Expenses form must be attached to the Employee Expense Report, if applicable.

F. Travel expense advance

1. Travel advances are issued in accordance with state laws, policies and procedures and applicable labor agreements or compensation plans.
   a) An employee may request an advance for estimated travel or request the department to prepay a travel expense, such as a conference fee, when the vendor requires the state to pay before the service is received.

   b) A request for a travel advance must be made on an Employee Expense Report form and submitted to the employee's immediate supervisor.

   c) Estimated travel expenses must be detailed on the form in the same manner as is required for the reimbursement for actual expenses.

2. Travel advances are issued on payroll warrants in the same manner as travel reimbursements. Requests must be submitted far enough in advance of the employee's departure to receive the advance on the payroll warrant prior to departure.

3. The payroll system allows only one outstanding advance per employee at a time, so all anticipated expenses to be advanced must be on one request.
   a) The employee must settle the advance by submitting a completed Employee Expense Report within three working days following the return from the trip.

   b) The supervisor must forward the approved expense report to the designated finance unit within five working days of the employee's return from the trip.

   c) Financial services staff must deduct the amount of the advance if an advance that is not settled and entered into SEMA4 28 days after the return date of the trip.

G. Use of employee expense report: Section G applies only to employees completing the paper Employee Expense Report in order to receive reimbursement for expenses.

1. Employees must certify, by signing the Employee Expense Report, they have not accepted personal travel benefits.

2. The backside or second page of the Employee Expense Report includes instructions for completing the form. Failure to properly and promptly complete the form may result in expense items being disallowed and/or delayed payment.

3. The guidelines listed below must be followed when completing the form.
   a) The Internal Revenue Service (IRS) requires employee business expenses to be submitted for reimbursement within "a reasonable period of time" which is further defined as within 60 days after the expenses were paid or incurred.

b) If not submitted within 60 days, the expense reimbursement is categorized as supplemental wages and becomes taxable for federal, state, FICA, and Medicare; and withholding tax must be taken.
   (1) This results in cost not only to the employee, but also to the agency.
   (2) For tax purposes, an Employee Expense Report is considered submitted when the employee has signed and dated it.

c) All travel reimbursements for the fiscal year (ending June 30) must be paid by the MMB fiscal year deadline to ensure prompt payment from the proper fiscal year.
   (1) An announcement is posted citing an exact due date (around July 15) for submission of end-of-the-fiscal-year expense reports.
   (2) An Employee Expense Report submitted after the published deadline requires a written explanation signed by the commissioner, and is paid from the current fiscal year funds.

d) Whenever an allowable expense item is directly billed to the department, it must be noted on the Employee Expense Report. The name of the travel agent, lodging facility or other vendor receiving the payment must be listed.

e) Review of expenses by the supervisor or manager has been, and continues to be, the primary control in preventing duplicate expense reports. While the supervisor may accept a scanned or faxed copy, an original supervisor signature is required for processing.

f) An employee expense report cannot be used to claim reimbursement for relocation expenses.

H. Use of Employee Self Service business expense: Section H applies only to employees completing Self Service Business Expense in order to receive reimbursement for expenses. Guidelines are the same as for paper forms, the method changes from paper to online.

1. Employees must certify, by electronic signature, that expenses are in compliance with all applicable travel regulations.

2. Instructions for navigating Self Service business expense are found on the MMB website. Failure to properly and promptly complete the electronic form may result in expense items being disallowed and/or delayed payment.

3. Any required documentation, including receipts, must be attached electronically to the Employee Expense Report.

I. Receipts: itemized receipts are required for all expenses except meals, airport shuttles/taxi services, local calls made from a phone booth, unattended parking lots, metered photocopiers and parking meters.

1. An employee must file an Affidavit of No Receipt (attached) if the original receipt has been lost, or the employee may be required to obtain a duplicate receipt from the vendor. The affidavit must rarely be used.

2. If the original receipt has been lost and an Affidavit of No Receipt is used, it must be noted on the Employee Expense Report.

3. Canceled checks, credit card statements, and un-itemized credit card charge slips are not acceptable receipts.

J. Meals:

1. Employees are reimbursed for the actual cost of a meal up to the maximum established in applicable labor agreements and compensation plans.

2. Travel and related expense times as well as the amounts eligible for reimbursement are described in bargaining unit agreements.

3. The cost of a meal includes tax and a reasonable gratuity but does not include alcoholic beverages.

4. Reimbursement of meals within the employee's work area requires special expense approval.

5. According to IRS regulations, reimbursement of meals not involving overnight lodging is taxable income.
   a) Therefore, when the expenses are reimbursed, federal, state, FICA and Medicare taxes must be withheld from the employee's pay.
   b) The amount of the expenses is added to the wages on the employee's W-2 form.
   c) Meals not involving overnight lodging are reported on the Employee Expense Report in the "Total Meals (no overnight stay)" column.
   d) Meals involving overnight lodging must be entered in the "Total Meals (overnight stay)" column, including when there is no cost for the lodging (which must be noted on the form). Information must be clearly provided on the Employee Expense Report to document eligibility for meals. Failure to document eligibility for meals may result in disallowance of the meals or a delay in payment of the entire expense report.

6. Combined meal reimbursement
   a) Employees who meet the eligibility requirements for two or more consecutive meals shall be reimbursed for the actual cost of the meals up to the combined reimbursement for the eligible meals.
   b) When the employee receives a meal at no cost, the employee is not eligible to be reimbursed for that meal and that meal allowance must not be included in the combined total.

7. Meals included in transportation cost or registration fee: sometimes the cost of commercial transportation, conference registration fee, or hotel lodging includes a meal.
   a) When the included meal is paid by the state, the employee is not eligible for additional reimbursement for the meal.
   b) Exceptions are fairly limited and must be made on a case-by-case basis. The department reviews the circumstances and determines when reimbursement is warranted. The exceptions include:
      (1) The need for special diets which were not available; or
      (2) When exceptional turbulence, in the cases of air travel, makes eating highly difficult.
   c) The employee must note on the expense report if a meal is included in the cost of the travel fare, conference fee, or hotel lodging.
   d) If a lodging facility provides a breakfast referred to as a "continental breakfast," the employee can be reimbursed if breakfast is eaten elsewhere.

8. Offender meals: receipts are required for meals purchased for an offender while the offender is being transported.

K. Lodging

1. Employees must always stay at a lodging facility that is reasonably priced.
   a) If possible, the department should contract with regularly used facilities to obtain discounts in addition to government and frequent-visitor discounts.
   b) Employees must request the government rate on all lodging unless greater discounts are available through another program.
   c) Employees must not join lodging reward programs or collect or use points received for lodging for personal use while on state business.

2. In order to be reimbursed for lodging, the employee must stay at a licensed lodging facility.
   a) Employees cannot be reimbursed for staying at the house of a relative, friend, or personally-owned property.
   b) The department may authorize entering into a rental agreement to save costs on long-term lodging.

3. Employees must submit the lodging payment receipt detailing the itemized charges with their Employee Expense Report in order to obtain reimbursement. Hotel receipts must reflect the total amount and date paid by the employee.

4. If an employee shares a room with a person who is not a state employee, the employee is entitled to a maximum reimbursement equal to the single room rate or the employee's actual cost, if less.
   a) The single rate must be clearly stated on the bill.
   b) If the single rate and the multiple rate are the same, this must be stated on the bill.

5. If lodging is directly billed to the department, only the state's obligation for lodging and related tax may be billed. All other travel expenses, such as meals and telephone calls, must be paid by the employee and reimbursed on the expense report.

6. Lodging must be located more than 35 miles from an employee's workstation to be reimbursed under this travel policy. Reimbursement of lodging within the employee's work area requires special expense approval.

L. Telephone calls: If provided by the employee's applicable collective bargaining agreement or compensation plan, personal telephone calls are reimbursable while the employee is in travel status overnight. The actual cost of the personal phone call is reimbursed, up to the contract limit.

M. Laundry and dry cleaning: employees in travel status in excess of one week (without returning home) are allowed the actual cost for laundry and dry cleaning for each week after the first week, not to exceed applicable labor agreements or compensation plans.

N. Parking: if an employee, who does not normally drive to work, drives a personal vehicle to work because they may use that vehicle for state business during the day, the employee is not entitled to parking reimbursement while at work.

O. Other expenses:

1. All purchases must be processed through a buyer if possible.

2. The use of the "other expenses" section of the Employee Expense Report must be limited.

3. Some examples of expenses that are not reimbursed include optional travel or baggage insurance, parking or traffic tickets, commuting mileage or costs, or towing/repairs of personal vehicles.

P. Out-of-state travel approval: Out-of-state travel must have the advance approval of the employee's immediate supervisor, the warden at the facility or the budget activity manager at central office, the applicable assistant/deputy commissioner and the commissioner.

1. The approval must be recorded on an Authorization for Travel form before the trip takes place and before an expense reimbursement or advance can be processed. Forms are retained with paid invoices and/or business expense reports.

2. If the reason for travel is to attend a conference, seminar or workshop; a copy of the agenda must accompany the request. The request must include the following information:
   a) The name and location of the event or meeting;
   b) The date(s) and time(s) of the event or meeting;
   c) An explanation of why the trip is necessary; and
   d) A detailed description and estimate of all costs, including information on any financial decisions made, such as:
      (1) The employee leaving a day early to take advantage of lower airfare;
      (2) Two employees traveling together by personal car;
      (3) The employee staying over the weekend to take advantage of lower airfare (indicate if at employee's or state's expense). The department may pay additional expenses related to the reduced airfare provided it does not exceed the amount of the reduction.
      (4) When an employee elects to drive a personal vehicle instead of fly, the form must show the lowest round trip airfare amount along with the anticipated mileage expenses; and
      (5) Other unusual situations increasing or decreasing trip costs.

3. Employees who make out-of-state trips at no cost to the state must go through the same approval process, including a notation that there is no cost to the state.
   a) The name of the paying organization must be listed, along with what expenses are covered and whether the expenses are paid directly by the third party or if the third party is reimbursing the employee.
   b) If the employee is reimbursed by the third party, the employee must provide the agency with a copy of the expense report that he or she submits to the third party for reimbursement.
   c) The employee must also certify that he or she must not seek reimbursement beyond the limits established by state policy or collective bargaining agreement, that the employee must not seek reimbursement from the state for expenses paid by the third party, and must not accept personal travel benefits.

4. Travel to communities bordering the state of Minnesota (i.e., Fargo, Hudson, etc.) do not require out-of-state approval. Travel to border communities is treated as in-state travel and expenses are reimbursed in accordance with labor agreements, compensation plans, state rules and policies and procedures applying to in-state travel.

5. Revisions of out-of-state trip forms:
   a) The dollar value on a completed Authorization for Travel form is an estimate. Forms do not need to be revised if the trip expenditures vary from the approved expenditures.
   b) Forms must be revised if an expense category (e.g. lodging) was not included on the form but dollars were expended.

Q. International travel

1. All travel outside of the United States must be approved by the employee's immediate supervisor, the warden at the facility or the budget activity manager at central office, the applicable assistant or deputy commissioner, and the commissioner of MMB, on a Special Expense Approval form.

2. The approval for international travel must also be recorded on a Authorization for Travel form before the trip takes place and before any travel advance or expense reimbursement can be processed.

3. International travel requires a statement of how the trip is in the best interest of the state.

R. Transportation

1. Use of a rental car:
   a) Employees traveling by air on state business should select the lowest cost transportation available on arrival at the destination, depending on the availability of transportation services.
   b) A rental vehicle may be considered if business travel, other than between the airport and meeting site, is required and public transportation is clearly not adequate.
   c) If a rental car is necessary, employees must rent from the state's contract rental vendor.
      (1) The state has entered into nationwide contracts that have full insurance built in, so additional insurance should not be purchased.
      (2) The cost of additional coverage may not be reimbursed.
   d) If a rental car is necessary, and the contract vendor is not available, use of another vendor requires that the employee purchase the liability and physical damage coverage offered by the rental company.
      (1) Employees are only be reimbursed for the cost of the liability and physical damage coverage.
      (2) The purchase of any other optional coverage may not be reimbursed.
   e) The justification for the use of a rental car must be stated on the Authorization for Travel form.
   f) If a rental car is used for both business and pleasure, any additional costs incurred because of pleasure driving are not reimbursed.
   g) If the employee is involved in an accident or incident that damages a rental vehicle, they should immediately contact:
      (1) The local authorities, as required;
      (2) The rental vehicle company;
      (3) The employee's supervisor; and
      (4) The State of Minnesota Risk Management Division of the Department of Administration [(651) 201-2588].

Notification must be made regardless of fault.

2. Air transportation
   a) All airfare must be directly billed to the department, except in emergencies.
      (1) The state has entered into a contract with a provider of airline tickets.
      (2) The buyer must confirm airline bookings and procure with a purchasing card.
      (3) Employees must arrange airline travel with the contract vendor and then submit an electronic inter office requisition (EIOR) for final booking by the agency buyer.
      (4) For emergency assistance after business hours, agents are available at Travel Leaders, 1-800-215-2762.
   b) The standard requirement and benchmark cost for airfare is the lowest contract airfare, or, if unavailable, the lowest available unrestricted, controlled capacity "Y26" fare available for carriers serving the exact routing within the state's policy guidelines.
      (1) Direct, with stops, and direct, non-stop flights may be desired by the employee and are the most time-effective.
      (2) However, other flights where planes or routes must be changed with brief layover stops may result in significant dollar savings.
      (3) State employees must not be greatly inconvenienced, but are encouraged to book the lowest guaranteed airfare as determined by the travel agency, based on savings of at least $100 on any leg of the trip if:
         (a) The departure/arrival time is within two hours of the requested time; and/or
         (b) There are suggested alternate airports, routes or stopovers.
      (4) The efficient conduct of state business and the safety of the employee are primary and critical considerations in travel schedule decisions.
   c) Traveling employees must not retain frequent flyer programs or other airline benefits for personal use (Minn. Stat. §15.435). Participation in a frequent flyer program must not influence employee flight selection, resulting in incremental costs to the state beyond the lowest available airfare.
   d) When employees travel by air, a copy of the flight itinerary must be attached to the corresponding Employee Expense Report.

3. Use of state car: refer to DOC Policy 104.4615, "Use of State Vehicles," for further information.
   a) To minimize travel expenses, employees are expected to use state vehicles for state business whenever it is reasonable and efficient to do so. Carpooling may be used whenever feasible.
   b) An annual control number may be issued by financial services per DOC Policy 104.4615, "Use of State Vehicles." If a control number is assigned, the employee must include that number on each Employee Expense Report submitted for mileage reimbursement.

4. Use of personal car: refer to DOC Policy 104.4615, "Use of State Vehicles," for further information.
   a) The IRS requires the state to report all mileage paid to employees in excess of the IRS rate per mile as wages on the employee's W-2.
      (1) The IRS rate may change annually.

(2) Current state rates for automobiles coincide with the IRS rate.
(3) However, the state rates for personal aircraft and for wheel-chair accessible vans exceed the IRS rate and are reported.
(4) There are two kinds of private car mileage that are reimbursable, trip and local, and they must be listed separately and by day on the Employee Expense Report.
(5) Trip miles
    (a) Trip miles are miles traveled from city to city using the most direct route.
    (b) All stops must be listed.
    (c) Odometer readings are not required on the Employee Expense Report but may be used when mileage amounts are difficult to verify. Resources such as the official state mileage book or web sites the agency has determined to be reliable may be used to help determine if the number of miles claimed is reasonable.
(6) Local miles
    (a) Local miles are miles traveled near the workstation and miles traveled to accomplish the purpose of the trip after reaching the destination.
    (b) All stops must be listed, either the building, address or other location.
    (c) Mileage reimbursement claims must be based on actual mileage traveled but odometer readings do not need to be entered on the expense report.
    (d) The designated accounting unit maintains a mileage list for travel between frequently traveled locations.

b) Guidelines for mileage reimbursement calculation: Minn. Stat. §16B.55, subd. 4, provides that:

"No state employee shall be compensated by the state for use of a personal vehicle for travel between the employee's residence and the state work station to which the employee is permanently assigned, except pursuant to a collective bargaining agreement negotiated under [Minnesota Statutes] chapter 179A or a compensation plan adopted by the commissioner of finance under [Minnesota Statutes] section 43A.05. A collective bargaining agreement or compensation plan may only provide for this compensation in cases in which an employee is called back to work during hours when the employee is not normally working."

(1) When an employee does not report to his/her permanent work location during the day or if he/she travels to a temporary work location before or after reporting to his/her regular work station, the allowable reimbursable mileage is the lesser of the mileage from the employee's home to the temporary work stop or from the employee's regular work station to the temporary stop.
(2) All mileage between points visited on state business, after a temporary stop or after reporting to the employee's regular workstation, is reimbursable.
(3) Employees who are required to report back to their work stations after normal working hours or are required to work holidays or weekends may not be reimbursed for mileage for driving to and from work unless such reimbursement is authorized by a labor agreement or compensation plan.

For reference, the Middle Management Association (MMA), Minnesota Association of Professional Employees, and American Federation of State County and Municipal Employees (AFSCME) labor agreements and the Commissioners Plan authorize call back mileage reimbursement; the managers plan does not authorize it.

(4) Employees who are required to attend functions before or after their normal working hours or on days other than their normal work days may be reimbursed for the number of miles driven to attend these functions, in accordance with temporary work site guidelines above.

c) Determination of reimbursement rates:

(1) Prior to travel, employees should check for the availability of a state vehicle using the Outlook calendar or other existing electronic reservation system. All employees are expected to use a state vehicle for travel if available.

(2) If no vehicle is available, the employee may use his or her own vehicle and claim the current IRS rate for those miles. A copy of the Outlook calendar or other electronic calendar, which shows that no vehicle is available, must be attached to the Employee Expense Report.

(3) If a vehicle is available but the employee chooses to use his or her own vehicle instead, the mileage must be reimbursed at $.07 less than the current IRS rate. A copy of the Outlook calendar or other electronic calendar does not need to be attached to the expense report.

(4) When a state vehicle is available but it is more resource-efficient to use a personal vehicle for a specific trip or for a short time period, supervisors may write a note on the expense report stating that it is not resource-efficient to use a state vehicle. Employees are reimbursed mileage at the higher rate in these circumstances.

(5) If a work location does not maintain vehicles for staff use, employees are reimbursed at the higher mileage rate.

(6) Except for 4) and 5) above, any mileage being claimed on an expense report without a copy of an Outlook calendar or other electronic calendar attached must automatically be reimbursed at the lower mileage rate.

d) Mileage instead of airfare

(1) The department, under special circumstances, may authorize out-of-state travel for employees requesting travel who use their personal vehicle.

(2) The reimbursement for transportation to and from the trip destination (including any additional expenses that result while en route such as mileage, additional meals, or lodging) is limited to the lowest round trip airfare (based on the number of days the employee would have attended if traveling by air).

(a) An airfare itinerary from a travel agency or other documentation must be attached to the out-of-state authorization form.

(b) The lowest round trip airfare should be listed on the Employee Expense Report. The department usually does not issue control numbers for this type of travel and, therefore, the lower mileage rate normally prevails. However, if the state may substantially benefit from an employee reducing normal travel expenses and the total cost of the trip using the higher mileage rate is less than the lowest round trip airfare, then the higher mileage rate may be used without obtaining a control number. An explanation regarding the use of the higher mileage rate is required on the Employee Expense Report.

(c) Miscellaneous expenses, for tolls, parking at the destination, local business mileage while at the destination or other expenses as deemed appropriate, may be reimbursed as long as the total travel expense does not exceed the lowest round trip airfare.

(3) If travel occurs during normal workdays, vacation leave must be used for any time over and above that required for air travel.

(4) If more than one person travels on department business in the same vehicle, additional meals and lodging en route may be allowed for each person so long as the total cost does not exceed the combined airfares. Travel reimbursements are for actual expenses only; there is no mileage reimbursement for being a passenger in a private automobile.

(5) Employees who drive their personal car to an airport because of state business are reimbursed for the mileage to and from the airport using the most direct route. Mileage to and from the airport for a person dropping the employee off are reimbursed if shown to be more cost effective than cab fare or airport parking.

5. Personal use of state cars

a) The personal use of state vehicles is prohibited except where specifically authorized by Minn. Stat. §16B.55 and DOC Policy 104.4615, "Use of State Vehicles."

(1) As per federal regulations, personal usage of state vehicles is reportable as wages to the IRS on the employee's W-2 form.

(2) The state must withhold federal, state, FICA and Medicare taxes on the value of such use.

(3) The personal usage of a state vehicle must be reported on the employee's bi-weekly time report each pay period or calculated at the end of each calendar year, as applicable.

b) The spouse or a friend of an employee may not ride in a state vehicle. All passengers in a state-owned vehicle must be participating in official state business. The only exception is if the employee is attending an event essential to his/her position and a spouse or friend has been formally invited.

S. <u>Frequent flyer miles and other benefits derived from travel</u>

1. Employees traveling at state expense may not receive benefits issued by lodging facilities, airlines, or other enterprises.

a) Benefits issued by lodging facilities may include a free night of lodging given after a specified number of days paid.

b) Airline benefits may include cash payments, discount coupons, free tickets and frequent flyer mileage, either as compensation to passengers who have been delayed or as rewards for frequent trips with a specific airline.

c) These benefits must be remitted to the state, according to Minn. Stat. §43A.38, subd. 2, which reads in part:

"Employees in the executive branch in the course of or in relation to their official duties shall not directly or indirectly receive or agree to receive any payment of expense, compensation, gift, reward...from any source, except the state for any activity related to the duties of the employee unless otherwise provided by law."

2. In addition, Minn. Stat. § 15.435, "Airline Travel Credit," prohibits state employees, and other officials using state funds, traveling on state business and using commercial airlines, from claiming frequent flyer mileage as their own.
   a) Employees must certify, by signing the Employee Expense Report, that they are not claiming frequent flyer mileage for personal use when they apply for travel reimbursement.
   b) Frequent flyer miles accumulated as a result of state business may only be accepted if the benefit may be accrued to the state and used exclusively for state business travel.

3. The state may not use or pay an employee for the use of the employee's personal frequent flyer miles.

4. If an employee is reimbursed by the state for his/her travel and is also reimbursed by an outside organization, the employee must endorse the outside reimbursement check and turn it over to the department.

T. Funerals/retirement parties: travel expenses incurred to attend state employee funerals or retirement events are not eligible for reimbursement with the following exception: as official department representatives, the commissioner, deputy commissioners and assistant commissioners may be reimbursed for travel expenses incurred while attending these events.

U. Combined business and personal travel: when an employee combines business and personal travel, the state only reimburses the employee for expenses incurred that are directly related to the business portion of the trip. If a rental car is used for both business and pleasure, any additional costs incurred because of pleasure driving is not reimbursed.

V. Non-state employee travel reimbursement: reimbursements are limited to actual costs and are subject to the provisions of the Commissioners Plan adopted according to Minn. Stat. §43A.18, subd. 2. Authorizations to reimburse for expenses are listed below.
   1. Consultants and technical services contracts: standard language similar to that appearing in Department of Administration's sample professional/technical contract.

   2. Advisory councils and committees: Minn. Stat. §15.059, subd. 3

   3. Advisory task forces mandated by statutes: Minn. Stat. §15.059, subd. 6

   4. Advisory task forces created by state agencies: Minn. Stat. §15.014, subd. 2 (expense reimbursement is limited to members of no more than four task forces created pursuant to this section, and a task force is limited to 15 members)

   5. Governors Office advisory task forces, councils, and committees: Minn. Stat. §15.0593 (Limited to 15 members)

   6. Administrative boards and agencies: Minn. Stat. §15.0575, subd. 3

   7. Licensing boards: Minn. Stat. §214.09, subd. 3

   8. Reimbursement of volunteer mileage is considered on a case-by-case basis. Approval must be granted by the commissioner, deputy or assistant commissioner, or the agency chief financial officer (CFO).

INTERNAL CONTROLS:

A. Approved, paid expense reports with corresponding receipts are retained in the appropriate financial services department and/or retained electronically within the payroll system.

B. Approved Special Expense and Authorization for Travel Forms are retained with paid invoices and/or business expense reports.

REVIEW: Annually

REFERENCES:
Policy 104.460, "Special Expenses."
Policy 104.4615, "Use of State Vehicles."
Minnesota Management and Budget Administrative Procedure 4.4, "Special Expenses."
Minnesota Administrative Rule 3900.2200, "Relocation Expenses."
Minnesota Management and Budget SEMA4 Policy and Procedure PAY0021, "Employee Business/Travel Expenses."

SUPERSESSION: Policy 104.461, "Employee Travel and Reimbursement of Expenses," 8/2/16.
All facility policies, memos, or other communications whether verbal, written, or transmitted by electronic means regarding this topic.

ATTACHMENTS:
Employee Expense Report (PDF or Word)
Authorization for Travel (PDF or Word)
Affidavit of No Receipts (PDF or Word)
Request for Approval of Special Expenses (PDF or Word)
Using Outlook to Request a State Vehicle (104.461G)

APPROVED BY:
Deputy Commissioner, Facility Services
Deputy Commissioner, Community Services
Assistant Commissioner, Facility Services
Assistant Commissioner, Operations Support