

Reimbursement and Credit Card Expense Policy

General Guidelines

These policies and procedures are designed to act as a guideline for business travel and entertainment expense and miscellaneous expense credit card charges and reimbursements. They are based on practices employed by most organizations of our size and take into consideration what is considered reasonable and customary. While this policy does contain suggested expense limits, we challenge all employees to use professional judgment when incurring expenses on behalf of the Museum of Latin American Art.

This expense reimbursement policy is designed to accomplish the following key points:

- ▶ Ensure all employees have a clear and consistent understanding of policies and procedures for business travel and expenses.
- ▶ Ensure employees are reimbursed for legitimate business travel and entertainment expenses.
- ▶ Provide employees who must travel with a reasonable level of service and comfort at the lowest possible cost.
- ▶ Maximize the company's ability to negotiate discounted rates with preferred suppliers and reduce travel expenses.
- ▶ Provide the appropriate level of accounting & business controls for the company to ensure that expenses are reviewed & approved by the appropriate person.

It is MOLAA's stated policy to reimburse employees only for ordinary, necessary and reasonable expenses when directly related to the transaction of MOLAA's business. "Directly related" means that there is the expectation of deriving some current or future benefit for the Organization, the employee is actively engaged in a business meeting or activity necessary to the performance of the employee's job duties, or there is a clear business purpose for entertainment. Employees are expected to exercise prudent business judgment regarding expenses covered by this policy.

Responsibility

The employee is responsible for complying with all the provisions of this expense reimbursement policy. The manager who approves and signs expense reports is responsible for accurately reviewing expense reports for compliance. MOLAA will reimburse employees for all reasonable and necessary expenses while traveling on authorized company business or entertaining business clients. MOLAA assumes no obligation to reimburse employees for expenses that are not in compliance with this policy. MOLAA must approve any deviation from this policy.

Enforcement

Employees who do not comply with this expense reimbursement policy may be subject to delay or withholding of reimbursement and/or, disciplinary action.

Reporting Guidelines

Employees must file expense reports no later than 14 days following the completion of the trip or of incurring the business expense. All expense reports submitted no later than any Tuesday within the 30 days following the completion of the trip will be reimbursed on the following Friday. Expenses must be submitted for reimbursement within 1 month of being incurred, or they will not be reimbursed.

Documentation Requirements

Original receipts are required for all expenses submitted for reimbursement. Requests for exceptions to this policy should document extenuating circumstances and be approved by the employee's manager. MOLAA complies with the IRS regulations in this area, which require that all business expenses be substantiated with adequate records. This substantiation must include information relating to:

- ▶ the amount of the expenditure
- ▶ the time and place of the expenditure
- ▶ the business purpose of the expenditure
- ▶ the names and the business relationships of individuals other than yourself for whom the expenditures were made.

Requests for reimbursement lacking this information will not be processed and will be returned to the originator.

Employees must provide the following information in order to be reimbursed for any business related meals or entertainment expenditures:

- ▶ Names of individuals present, their titles and company name
- ▶ Name and location of where the meal or event took place
- ▶ Description of all business discussed and/or transacted
- ▶ Exact amount and date of the expense

Employees must submit the following documentation with their Expense Report:

- ▶ Air/Rail – original passenger receipt
- ▶ Hotel – hotel folio plus credit card receipt or other proof of payment
- ▶ Transportation/Car Rental – credit card receipt or other proof of payment or rental agency invoice
- ▶ Entertainment – credit card receipt or register receipt for all expenses
- ▶ Meals – credit card receipt or register receipts for meal expenses.

Please note that restaurant chits and credit card statements (i.e. Amex tear out receipts included in a monthly statement) are not considered an acceptable form of receipt. Receipts must be affixed to a piece of paper with like items (e.g. cabs) together. An explanation of the business expense and a list of the individuals/company affiliations entertained (in the case of meal/entertainment receipts) must be documented next to the original receipt.

If like items have been summed to arrive at a single figure for entry to a single cell on the expense report, please indicate which items are being totaled on the paper where the receipts are affixed. Expense reports containing entries that cannot easily be supported by receipts will be returned to the person submitting the expense report. When a receipt is not available, a full explanation of the expense and the reason for the missing receipt is required and should include credit card statements and restaurant chits.

Actual bills/receipts must be submitted whenever possible; photocopies will be acceptable only with a detailed explanation as to why the original is unavailable. Receipts must include the name of the vendor, location, date and dollar amount. All expenses must be reported, regardless of how they were paid. The following receipts are acceptable:

- ▶ Original receipt completed by the vendor
- ▶ Customer's copy of credit card slip
- ▶ Credit card billing statement, only in the unusual case where it is not possible to obtain the actual receipt
- ▶ Original phone bill
- ▶ IRS-approved electronic ticket receipt

Incorrect or Incomplete Expense Reports

Expense reports that are incorrect, incomplete or include disorganized receipts:

- ▶ Will be returned to the approver for completion
- ▶ May result in delay or non-reimbursement of specific items
- ▶ Disregard for company policy or altering of receipts can result in disciplinary action up to and including termination

Air/Rail Travel

Air travel reservations should be made in such a manner as to secure the best available fare. ALL AIR TRAVEL MUST BE IN COACH CLASS. When traveling by air:

- ▶ Employees are expected to use the lowest logical airfare available
- ▶ Employees should consider Saturday night stays and stays exceeding 3 days
- ▶ Employees are expected to reserve 7-day advance notice purchases
- ▶ Employees are expected to use non-direct flights when the savings are substantial
- ▶ Obtain Department VP and President approval for all domestic trips (using Travel Request Form)
- ▶ Obtain Department VP and President approval for all international travel (using Travel Request Form)

Upgrades for air travel are not reimbursable. If an employee wishes to upgrade, it is done at the employee's expense. When a trip is cancelled after the ticket has been issued, the traveler should inquire about using the same ticket for future travel. Unused airline tickets or flight coupons must never be discarded or destroyed as these documents may have a cash value.

When parking at an airport or train station is part of business travel, it is expected that employees will utilize long-term parking lots. Short-term parking fees will not be reimbursed. Travel expenses for a spouse, partner or friend will be reimbursed if it can be shown that the person's presence was both essential and directly related to the effective accomplishment of company business. In these limited instances, the employee must obtain written approval in advance from their manager.

Car Rental

Employees may rent a car to get to their destination when driving is more cost effective than airline or rail travel. Employees may rent a car at their destination when it is less expensive than other transportation modes such as taxis, airport limousines and airport shuttles or when entertaining customers. Whenever multiple employees are traveling together, every effort to rideshare or carpool must be made.

Employees must reserve a car in the compact rental car category. When picking up a rental car, check with the rental car agent for any promotional rates, last-minutes specials or free upgrades. At the time of rental, inspect the car and be sure that any damage found is noted on the contract before the vehicle is accepted.

Employees may book a car rental class of service one level higher when:

- ▶ The traveler can be upgraded at no extra cost
- ▶ Two or more company employees are traveling together

- ▶ Entertaining customers
- ▶ Cars in the authorized category are not available
- ▶ Transporting excess baggage such as booth displays

Domestic travelers should always accept the collision insurance offered by rental agencies but should decline all other offered insurances. International travelers should accept all insurances offered. Additionally, whenever possible, the prepaid gas option should be declined.

Rental cars must be returned as follows:

- ▶ To the original rental city unless approved for a one-way rental
- ▶ Intact (i.e. no bumps, scratches, or mechanical failures)
- ▶ On time, to avoid additional hourly charges
- ▶ With a full tank of gas

Gasoline for use in rental cars is reimbursable with proper documentation.

Cell Phone Use While Driving

Use of a cell phone while driving is not recommended in any situation and employees are expected to refrain from using their phone while driving. Employees are strongly encouraged to pull off to the side of the road and safely stop the vehicle before placing or accepting a call. If acceptance of a call is unavoidable and pulling over is not an option, employees are expected to keep the call short. The Organization strictly prohibits employees from using a cell phone without a hands-free device while driving.

Taxi / Shuttle / Parking Fees

The use of airport shuttles and taxis upon arrival at the employee's destination is the preferred mode of transportation. Make sure to ask for a receipt if one is not offered. This documentation aids in the expense-tracking process.

Business Use of Personal Vehicle

Employees may use their personal vehicle for business purposes if it is less expensive than renting a car, taking a taxi, or using alternate transportation. Personal vehicles may also be used when transporting company goods for delivery or entertaining clients. It is the personal responsibility of the vehicle owner to carry adequate insurance coverage for their protection and for the protection of any passengers. The Organization requires that employees who regularly use their personal vehicle for Company business maintain minimum of \$100,000/\$300,000 bodily injury coverage and \$50,000 property damage coverage on their vehicles.

Mileage is reimbursed at the rate of \$.45/mile for 2010. This mileage allowance is in lieu of actual expenses for gasoline, oil, repairs, tags, insurance, and depreciation. Therefore, actual expenses for those items will not be reimbursed when your personal vehicle is used for business. To be reimbursed for the use of your personal vehicle for business, employees must list on the expense report:

- ▶ Date and business purpose of the trip
- ▶ Submit a copy of Google or Map Quest map showing destinations and mileage.

If an Employee receives a monthly auto allowance, this allowance is in lieu of actual auto expenses for gasoline, oil, repairs, tags, insurance, depreciation and parking for local destinations. Therefore, actual expenses for those items will not be reimbursed when your personal vehicle is used for business.

Lodging / Hotel

Hotel reservations should be made in such a manner as to secure the best available rate. Employees are required, whenever possible, to use properties in the Moderate category.

Meals

Personal meals are defined as meal expenses incurred by the traveler when dining alone on an out-of-town business trip. Approximate meal expense guidelines are \$12/day for breakfast and lunch combined and \$30/day for dinner.

Employees will be reimbursed for business-related meals taken with other employees only in the following circumstances:

- ▶ When a client is present
- ▶ When at least one company employee is from out of town
- ▶ When, for confidentiality reasons, business must be conducted off company premises

The following documentation is required by the IRS, and must be recorded on the expense report:

- ▶ Names of individuals present, their titles and company name,
- ▶ Name and location of where the meal or event took place,
- ▶ Exact amount and date of the expense.

Please note that employees will not be reimbursed for entertaining other employees unless there is a direct reporting relationship between them.

Telephone Expenses

Employees will be reimbursed when using their personal cellular telephone, calling cards or home phone for business related phone calls which are reasonable and necessary for conducting business, with an original copy of the bill attached to the expense report form.

In all cases, employees are responsible for securing and utilizing the most reasonable long-distance calling option available. Employees are strongly discouraged from using air-phones due to its high cost. Employees may use an air-phone only if an emergency or critical business issue is involved.

When staying at a hotel, employees should find out the property's local and long distance phone rates. Employees should avoid making phone calls that have an added surcharge.

For any employees who receive cell phones and/or PDAs from the Organization, it is the Organization's explicit policy that such be utilized exclusively for business purposes. It is the employee's responsibility to report any personal usage of an Organization's cell phone or PDA so that the proper information tax reporting can be undertaken.

Miscellaneous Expenses

Miscellaneous expenses do not fit into any of the previous categories, yet are directly business related and therefore reimbursable. ONLY the following items can be considered as reimbursable business expenses:

- ▶ Office services (i.e. faxes, copies, overnight delivery / postage)
- ▶ Currency conversion fees
- ▶ Business gifts of reasonable value with prior management approval
- ▶ Laundry / Dry Cleaning / Suit Pressing for trips exceeding 3 days
- ▶ Seminar fees / Training classes with prior approval
- ▶ Subscriptions with prior approval

Be sure to note that the following items are NOT reimbursable under this policy:

- ▶ Airline club / Country club membership dues
- ▶ Parking tickets, traffic tickets, or other fines
- ▶ Delinquency fees / Finance charges for personal credit cards
- ▶ Excess baggage charges
- ▶ First class travel
- ▶ In-flight / In-room movies
- ▶ Barbers / Hair stylists
- ▶ Expenses for travel incurred by companions / family members
- ▶ Expenses related to vacation or personal days while on a business trip

- ▶ Loss / Theft of personal funds or property / Lost baggage
- ▶ Avoidable "No-Show" charges for hotel or car service
- ▶ Non-Compulsory insurance coverage
- ▶ Rental car upgrades
- ▶ Repairs due to accidents
- ▶ Babysitter costs
- ▶ Tips in excess of 20%
- ▶ Excessive mini-bar charges

Never assume that an item will be covered under the "Miscellaneous" category. Be sure to check with your manager if an item you need is not outlined specifically in this policy.

Entertainment Expenses

Entertainment expenses include events such as nightclubs, theatre and sporting events, whereby a business discussion takes place during, immediately before, or immediately after the event. Approval for reimbursement of entertainment expenses can only be granted by department VP and will only be granted if the person entertained has a potential or actual business relationship with the Organization and the expenditure directly proceeds, includes or follows a business discussion that would benefit the Organization.

When entertainment expenses are expected to exceed \$100 for one event, prior approval is absolutely required to receive reimbursement. Be sure to note that the following will not be reimbursed under any circumstances:

- ▶ Gentlemen's Club membership dues or "expenses"
- ▶ Escort services (neither men nor women)
- ▶ Gambling expenses

Approval / Authorization Process

The employee's VP must approve all expense reports, together with all required documentation. No employee is authorized to approve his/her own, a peer's, or a manager's travel expense report. The VP is responsible for verifying:

- ▶ Business purpose (expenses incurred are reasonable and necessary)
- ▶ Correct totals
- ▶ Supporting documentation and receipts
- ▶ Policy compliance

In addition, the person in attendance with the most senior title must put the expense on his/her expense report to facilitate review by a more senior person not in attendance.