FINANCIAL INFORMATION SYSTEM

Managing Travel & Other Reimbursable Expenses
Course Map

- Key Points/Principles & General Guidelines
- Approvals & Authorizations
- Methods of Payment
- Allowable Expenses
  - Impact of the Ontario Expense Directives on U of T Business Practices
- Non-reimbursable Items
- Other Matters
- Common Errors Identified by Internal Audit
Key Points/Principles and General Guidelines

• U of T policy strives to **be fair** and provide the **greatest possible flexibility**, while still allowing the University to meet its **stewardship obligations** as a public institution.

• As long as policy is followed, an individual should **neither gain nor lose personal funds** as a result of travel assignments.

That individual could be:

- ✓ an employee ✓ a visitor to the University
- ✓ a student ✓ or anyone else on University business

**GTFM Policy**: Travel and Other Reimbursable Expenses

Reimbursable expenses are:

- **Out-of-pocket expenses** related to business travel or other activities undertaken on behalf of U of T
- **Reasonable** and **appropriate** for the business activity undertaken
- **Consistent with the terms and conditions** imposed by the funding source from which they are paid (e.g., allowable under granting agency guidelines)
- Supported by **original receipts** from suppliers (exception: kilometrage or allowable per diem claims)

**NOTE:** The mode of **travel considered reasonable** is that which provides **adequate** standards for **comfort**, **convenience**, **safety** and **efficiency** as well as being the **most economical option** under the circumstances.
Claimants are responsible for submitting claims:
  • for actual out-of-pocket expenses
  • on a timely basis
  • supported by original receipts

Claimants and Approvers are responsible to ensure that:
  • any contemplated travel is necessary & appropriate
  • the resulting expenses are legitimate & reasonable
  • the expenses are in accordance with the U of T policy, departmental policy, or granting agency guidelines, whichever imposes greater restrictions
Approvals and Authorizations

Faculty, Staff, Visitors and Students:

All expense reimbursement claims and contemplated travel plans require approval on a “one-up” basis, by the person to whom the claimant reports. Authorization for planned travel should be obtained before* committing funds for the trip (e.g., paying for the tickets). The University is not obligated to issue reimbursement for travel or other costs that have not been previously approved.

*NOTE: For Principal Investigators (P.I.), travel may be necessary for research, so obtaining approval from the chair prior to each trip may be impractical. The P.I. is also aware of the terms and conditions of funding, and is often in the best position to determine if travel is necessary, allowable and if there is a source of funding.
Approvals and Authorizations (cont’d)

Depending on the method of reimbursement, authorization would require either a hard copy signature(s) or electronic signature(s).

- An electronic signature is acceptable where only one approving signature is required, which means that in the absence of a hand-written signature, the user ID of the person who posted the transaction in the system is the approving signature.

- Where two signatures are required (i.e., personal expense reimbursements require the claimant's hand-written signature and the "one up" approval with supporting receipts) the claimant's signature on a paper form is mandatory, while the "one-up" approval can be either hand-written or electronic.

**GTFM Policy:** Approval Guidelines
Visitors and Students:

- These are approved by the faculty or staff member responsible for the activity of the visitor or student (i.e., the one who approved the arrangements).

Alternate Approvals:

- Approval of expense claims cannot be delegated. If the “authorizing” person is not available, then the claim should be referred to the next level up in the approval structure.

**GTFM Policy:** Alternate Approvals
Typical Approval Structure

Faculty and Staff:

Academic reporting structure:
- Chair approves academic requests
- Dean approves requests from Chair
- Provost approves requests from Dean

Administrative reporting structure:
- Supervisor approves staff requests
- Department Head approves Supervisor’s requests
Methods of Payment

There are four payment methods* available for travelers to choose from based on what best suits their destination:

1. Direct billing (via FIS) of departmental accounts
   • this option is only available for airfare arranged through the U of T Travel Centre
2. Personal credit card
3. Corporate AMEX Travel and Hospitality Card
4. Accountable Advance

*NOTE: Purchasing Card (PCard) must NOT be used to pay travel suppliers.

GTFM Policy: Purchasing Card
• [http://www.procurement.utoronto.ca/programs-and-services/travel-hospitality#tcard](http://www.procurement.utoronto.ca/programs-and-services/travel-hospitality#tcard)
Methods of Payment – Direct Billing

1. **Direct (FIS) Billing:** Available for any authorized reimbursable airfare expenses arranged through the Travel Centre (a.k.a., Avenue Travel). Travel Authorization form can be found on the Financial Services Forms site.

**Pros:**

- ✓ Departmental accounts are charged directly; no expense reimbursement required.
- ✓ Provides some travel benefits, including **Missed Connection/Delayed Flight** or **Denied Boarding** benefit, and **Luggage delay/Loss** benefit.

**Cons:**

- ✓ Using the Travel Centre is not always the most convenient or cost effective method of arranging for flights.

**GTFM Policy:** Direct Billing to Departmental Accounts (Airfare Only)


**Forms:** Travel Authorization Form

Methods of Payment – Personal Credit Card

2. **Personal Credit Card**: The individual may use their own credit card to pay for travel expenses.

**Pros:**
- The credit card may accumulate benefits for the individual (e.g., points, bonus credit $$)

**Cons:**
- If expense(s) are not reimbursed prior to the due date of the next billing, then:
  - the individual may have to use personal funds to temporarily pay for the expense
  - **service charges** may be incurred as a result of late payment (**not reimbursable by U of T**)

**GTFM Policy**: Personal Travel and Hospitality Card
Methods of Payment – University Travel and Hospitality Card (AMEX)

3. **University Travel and Hospitality Card (AMEX):** This is the most cost effective method of financing University travel for both the individual, and the University. AMEX is essentially a personal credit card with a slightly longer payment period.

**Pros:**
- The American Express card provides:
  - the card holder with various travel benefits (e.g., Travel Accident Insurance, Car Rental Theft and Damage Insurance)
  - 45 days from statement due date to settle an account before interest charges are levied

**Cons:**
- Available only to full-time appointed employees

**GTFM Policy:** Corporate Travel and Hospitality Card

**FAQ:** Travel and Hospitality Card Benefits
- [http://www.procurement.utoronto.ca/faq/travel-hospitality-faq](http://www.procurement.utoronto.ca/faq/travel-hospitality-faq)
The **AMEX Travel and Hospitality Card** is the preferred method of payment when reimbursing employees.

It’s the employee’s responsibility to:

- personally pay their AMEX bill
- submit an approved Expense Reimbursement form (including original receipts)

However, in rare circumstances departments may pay an employee's AMEX bill directly. If the department pays the AMEX bill (e.g., as a certified invoice, instead of an expense reimbursement):

- the employee remains responsible for any delinquency charges; the University will **NOT** reimburse these costs
- one-up approval and employee certification (i.e., claimant's signature and declaration that they have read the University's regulations on reimbursements and confirm their compliance) still applies

**GTFM Policy:** Corporate Travel and Hospitality Card

**QRG:** Certified Invoices
4. **Accountable Advances**: Payments made to an individual, via cheque, to cover *future* expenses when all other university payment options have been ruled out. This is the **least economical method of financing** travel, from the University’s view, as it requires the University to disburse cash before the actual expense is incurred and therefore prior to obtaining the “proof of purchase” documentation.

**Pros:**
- available to faculty, staff, visitors or students
- facilitates travel to places where payment by credit card is not always possible

**Cons:**
- the least economical method for University
- Advances made to visitors or students must be recorded against a University employee number and is the responsibility of that individual

**GTFM Policy:** Accountable Advances
Accountable Advances – Key Points:

- Only one outstanding Accountable Advance is allowed per individual; this ensures that relevant expenses are recorded in a timely manner.
  - If more than one is needed (i.e., because of timing of travel plans) a memo outlining the need for more than one advance, should be sent in with the second request.

- It should not be used for expenses other than those for which it was requested.

- It cannot be used for the purchase of airfare.

- It should be settled as soon as possible; at the latest within 3 working weeks following completion of travel or other activity for which the expenses were incurred.
Generally, an expense incurred on behalf of U of T business is permissible and reimbursable if the:

- expense is necessary
- most economical option has been selected under the circumstances
- expense conforms in all respects to any terms and conditions attached to the funding source (e.g., Research, Operating)

**GTFM Policy:** Travel and Other Reimbursable Expenses

**Expense Reimbursement Checklist – Template:**
- [https://finance.utoronto.ca/expense-reimbursement-checklist-template/](https://finance.utoronto.ca/expense-reimbursement-checklist-template/)
Allowable Expenses (cont’d)

**Air Travel - Key Points:**

**As per the memo dated Sept 8, 2015:** In accordance with the policies detailed in U of T’s Guide to Financial Management (GTFM) and the policies of the three main granting agencies (CIHR, SSHRC and NSERC), a **paper copy of the boarding pass is NO LONGER REQUIRED** for University travel **IF** other acceptable documentation is included in a claim as a proof of air/rail travel.

- Examples of **Acceptable Documentation (at least one of the following):**
  - A **boarding pass** (paper or a printed copy of the image of the electronic boarding pass that clearly indicates the flight/train information)
  - **hotel bill** at the travel destination
  - **taxi/transit receipts** to/from the airport/train station
  - **meal receipts** from the travel destination
  - **certificate of conference attendance**

**Frequent Flyer programs:**

- Travelers may specify airline ONLY if airline offers the least expensive fare.
- No reimbursements can be claimed for air tickets purchased with personal frequent flyer points.

**GTFM Policy:** Air and Rail Travel
- [http://finance.utoronto.ca/?p=1165#airrailtravel](http://finance.utoronto.ca/?p=1165#airrailtravel)

**Memo:** UofT Travel Expenses and Airline Boarding Passes
Allowable Expenses (cont’d)

**Air Travel (Cont’d):**

The standard class of service for domestic and international flights is the least expensive economy class fare.

However, as of December 2015, in addition to business class, **premium economy travel may also be permitted** (e.g., flights in excess of 6 hours, or for medical reasons) **if pre-authorized by one of the following:**

- Principal
- Dean
- Director **OR**
- Senior executive to whom the traveller reports

**Note:** If funding is from a research grant, the sponsor’s travel expense approval policy must be followed. **Some granting agencies specifically limit air** and rail travel reimbursement **to the lowest available fare.**

**GTFM Policy:** Air and Rail Travel
- [http://finance.utoronto.ca/?p=1165#airrailtravel](http://finance.utoronto.ca/?p=1165#airrailtravel)

**GTFM Policy:** Approvals
- [http://finance.utoronto.ca/?p=1165#Approvals](http://finance.utoronto.ca/?p=1165#Approvals)
Allowable Expenses (cont’d)

Automobile - Key Points:

Recommended for **round trips up to 500 km**; for trips >500 km, reimbursement is capped at the cost of economy air travel rate (by the most direct route) or rail fare with standard lower berth or roomette, whichever is less.

- **Personally owned:**
  - Recommended only for **short trips** where it constitutes the most economical mode of travel or where no suitable public transportation is available.
  - Kilometrage rate covers maintenance, repair, towing and fuel cost.

- **Vehicle Rental:**
  - To take advantage of U of T discounts, reservations should be arranged through the Travel Centre, and payments should be made with the Travel and Hospitality Card.
  - Eligible costs include rental, gasoline and collision damage waiver (CDW) charges; **CDW is included if rental is made with Travel and Hospitality Card, additional coverage should be declined.**

**GTFM Policy:** Vehicle Rentals

- [http://finance.utoronto.ca/?p=1165#vehicle](http://finance.utoronto.ca/?p=1165#vehicle)
Allowable Expenses (cont’d)

Accommodations - Key Points:

- Bookings should be made through Travel Centre, as U of T maintains a corporate rate structure with many hotels throughout Canada & US.
  - Travelers should request the lowest available rate at time of booking, which may or may not be the same as the corporate rate.

- The type of supporting documentation required will differ depending on how the accommodations were booked (e.g., directly with hotel, 3rd party booking site or AirBnB)

- **Gratuitous lodging allowance:**
  If staying with friends/relatives while on U of T business, a gift/payment in appreciation can be made up to U of T limit, but only if being reimbursed via an allowable funding source.

GTFM Policy: Accommodation
- [http://finance.utoronto.ca/?p=1165#accommodation](http://finance.utoronto.ca/?p=1165#accommodation)

GTFM Policy: Reimbursement Rates
Impact of Ontario Expense Directives

The **Ontario** government has established directives for open, fair and transparent financial practices within all Broader Public Sector (BPS) Organizations, including U of T.

Compliance with these directives is mandatory.

Specific changes to the GTFM as a result of the Ontario Expense Directive:

1. Per diems related to meal and accommodations *(updated as of January 2017)*
2. Expenses related to alcohol

**Memo:** Impact of New Ontario Expense & Procurement Directives
- [http://finance.utoronto.ca/?p=1165#Approvals](http://finance.utoronto.ca/?p=1165#Approvals)
Allowable Expenses (cont’d)

Impact of Ontario Expense Directives: Meal/Accommodation Per Diems
(as of January 2, 2017)

1. Claimants can choose to be reimbursed using either of the following options regardless of funding source (unless disallowed by granting agency):

   • **Per diems** meal allowances when on UofT business-related travel
   
   • **Actual meal costs** supported by original itemized receipts

Memo: Revised BPS Expense Directive – Per Diems

GTFM: Reimbursement Rates (Per Diem Meal Allowance)
Allowable Expenses (cont’d)

Meals - Key Points:

• Actual costs: original restaurant receipts are required for reimbursement of actual expenses (e.g., detailed restaurant bill)
  o the credit card receipt may be used to substantiate the restaurant gratuity
  o the most senior U of T employee attending should pay for the meal
  o the names of the individuals in attendance must be indicated on the claim

• Per diem allowance:
  Effective Jan. 2, 2017, the University now permits meal per diems for travel claims regardless of funding source, unless disallowed by granting agency.

Note: Per diem allowance is never available where meals are included as part of another reimbursable item (e.g., conference fees).

U of T Policy: Meals
• http://finance.utoronto.ca/?p=1165#meals
Impact of Ontario Expense Directives: Alcohol Related Expenses

U of T permits alcohol reimbursements for business entertainment with individual who are not employees of U of T and for internal special events (e.g. holiday lunches or parties, retirement gatherings, etc.) involving only U of T employees.

Any claims for alcohol related expenses must:
1. include original receipts
2. demonstrate responsible and prudent use of public funds
3. show moderate consumption and price point
4. follow the University’s Alcohol Policy
5. be allowable under individual Faculties/Divisions or granting agencies policies

U of T Policy: University Alcohol Policy
• http://www.food-beverage.utoronto.ca/beverage-services/university-alcohol-policy
Hospitality (Entertainment) - Key Points:

- Entertainment costs require prior approval of department head and must be supported by clear documentation of the business purpose of the hospitality.

- Any U of T employee hosting a business meal or other entertainment event should limit participants to only those who can be expected to contribute directly to the accomplishment of the business purpose.

- Home entertainment:
  - Upon approval of the department head, an employee may entertain business guests in ones home if it serves a specific business purpose.
  - Entertainment of fellow employees will be considered personal and not reimbursable.

U of T Policy: Hospitality

- [http://finance.utoronto.ca/?p=1165#hospitality](http://finance.utoronto.ca/?p=1165#hospitality)
Allowable Expenses (cont’d)

Miscellaneous Business Related Items – Key Points:

Receipts, business reason, and some justification of claim may be required:

- **Bus (Intercity) and Taxi Fares**
- **Conference Registration Fees**
- **Gratuities** in reasonable amounts are reimbursable, if services have been provided in addition to those considered normal (e.g., baggage handling where excessive baggage is involved, errand services)
- **Laundry, Dry Cleaning** are allowable, if trip is in excess of 14 days and costs are reasonable considering the purpose of the trip
- **Telephone, FAX and Photocopy Charges** - Employees travelling on extended business trips may telephone their home at reasonable intervals at the University’s expense.
- **Tolls/Parking**

**GTFM Policy:** Allowable Miscellaneous Business Related Items
- [http://finance.utoronto.ca/?p=1165#MiscBusRelatedItems](http://finance.utoronto.ca/?p=1165#MiscBusRelatedItems)

**GTFM Policy:** Professional Expense Reimbursement Allowance
- [http://finance.utoronto.ca/?p=1165#PERA](http://finance.utoronto.ca/?p=1165#PERA)
Non-Reimbursable Items

Non-Reimbursable Items – Key Points:
Items that are not specifically incurred or necessary for a trip related to U of T business.

Common Non-reimbursable Items:

- Traveler medical insurance
- Excess baggage charges

**NOTE:** For these travel expenses to be eligible for reimbursement, written justification is required, along with the employee expense reimbursement request, stating why these costs were specifically incurred and necessary for the trip.

**GTFM Policy:** Summary of Non-Reimbursable Items
- [http://finance.utoronto.ca/?p=1165#summarynonreimb](http://finance.utoronto.ca/?p=1165#summarynonreimb)
Non-Reimbursable Items (cont’d)

List of Non-Reimbursable Items – under any circumstances!:

• Traffic fines, including, but not limited to parking and speeding

• Service charges (e.g., annual card fees) on personal credit cards and late payment charges (e.g., interest) on both personal credit cards and Corporate Travel and Hospitality Card

• Personal entertainment expenses (e.g., movies, hotel exercise facilities, sporting events, magazines, books)

GTFM Policy: Summary of Non-Reimbursable Items
• http://finance.utoronto.ca/?p=1165#summarynonreimb
Other Matters (cont'd)

Foreign Exchange – Key Points:

Where **proof of payment** is not available:
  - the department should assess the reasonability of the rate by comparing it to the prevailing rate at the time the expenses were incurred

For **rates that are not available in FIS**:
  - refer to the currency converter on the **XE.com** website

**GTFM Policy:** Bank of Canada Currency Converter

**GTFM Policy:** Foreign Exchange
  - [http://finance.utoronto.ca/?p=1165#Other](http://finance.utoronto.ca/?p=1165#Other)
Other Matters (cont'd)

Receipts/Proof of Payment – Key Points:

- The receipt/proof of payment must be original and clearly identify the purchases.
  - Where the receipt does not provide this information, the claimant should do so (e.g., titles of publications, types of supplies)

- If the receipt is missing, and copies can’t be obtained (i.e., from hotel) a document should be prepared/signed by the claimant that includes details of expense item (e.g., description, date of purchase, amount) and attached to the expense reimbursement claim form.
  - IF there is no original receipt, complete the Missing Receipt form located on the Financial Services >> Forms website
  - The document must also be signed by the “approver”.

GTFM Policy: Attach Original Receipts
  - [http://finance.utoronto.ca/?p=1165#Attach](http://finance.utoronto.ca/?p=1165#Attach)

Forms: Missing Receipts Form
  - [http://finance.utoronto.ca/forms/processing/](http://finance.utoronto.ca/forms/processing/)
Other Matters (cont'd)

Receipts/Proof of Payment (cont'd)

If the claimant is requesting **partial reimbursement from another organization**, and the other organization requires original receipts, U of T will:

- **accept a copy**, with a written explanation of why the original receipts are required by the other organization

- **need a declaration** that the amount being claimed from the University will not be claimed from any other organization

- **requires that a copy of the reimbursement cheque from the other organization accompany the request for reimbursement from U of T.**
Petty Cash and Expense Reimbursement tax codes:
- are "blended" (i.e., are an average of different tax rates)
- are different from invoice tax codes (usually 2 letters vs. letter & #)
- should never be used on invoices

Some exceptions are E0 and ES. These can be used on reimbursements and invoices, where appropriate.

The Expense Report form has default tax codes that are associated with specific GL accounts.

Use the appropriate tax codes from the following slide for any G/L account not already on the form (e.g., 825800 - office supplies).

**Note:** If reimbursing for an expense that does not fit within the pre-existing categories on the form, use an appropriate ALPHANUMERIC tax code (e.g., E1, E4).
Petty Cash & Expense Reimbursement Tax Codes (cont’d)

NON-HST Provinces = EE*
Alberta ~ Manitoba ~ Northwest Territories ~ Nunavut ~ Quebec ~ Saskatchewan ~ British Columbia ~ Yukon

13% HST Provinces = ER*
Ontario

15% HST Province = EN*
Nova Scotia ~ New Brunswick ~ Newfoundland & Labrador ~ P.E.I

US / International = E0* (when deemed to be tax exempt)

Per Diem & KM claims:
• Canada = EA
• US / Int’l = E0

*if consumed there

Tax Code Summary Table
Tax Codes (cont'd)

Conference/Registration Fee Tax Codes

U of T qualifies for provincial and federal tax rebates on **HST incurred while traveling in another HST province**. As a result, when reimbursing for **conference/registration fees**, use the following tax codes:

- **ER** for conferences attended in **Ontario**
- **EN** for conferences attended in **Nova Scotia, New Brunswick, Prince Edward Island** or **Newfoundland & Labrador**
- **EC** *(self-assess OVAT portion of HST)* for conferences attended in all other provinces or territories
- **ES** *(self-assess HST)* for conferences **out of country**

**Tax Code Summary Table**


**Frequently Asked Questions (FAQ): HST**

Common Errors Caught by Internal Audit

Internal Audit is mandated to assess departmental compliance with policy on a random basis.

**Common Reimbursement Errors:**

- Missing itemized receipts or supporting documentation (i.e., too much reliance on Missing Receipts form)
- Receipts in foreign languages without descriptions and clarifications of expense
- Ineligible support documentation (e.g., email correspondence, research notes)
- Lack of "one-up" approval, particularly for upgrades to business class and premium economy
- Ineligible expense claims (e.g., AMEX late payment charge)
- Inaccurate calculations:
  - Incorrect per diem
  - Difference between AMEX and supporting invoices
  - Difference in amount claimed vs. supporting invoices
- Incorrect tax code used
- Incorrect method of reimbursement (e.g., using accountable advance vs. expense reimbursement)
- Untimely settlement of accountable advance (e.g., more than 3 weeks)

**University of Toronto Policy:** Internal Audit Policy

- [http://www.internalaudit.utoronto.ca/About_Internal_Audit/Internal_Audit_Policy.htm](http://www.internalaudit.utoronto.ca/About_Internal_Audit/Internal_Audit_Policy.htm)
NEED HELP?

https://easi.its.utoronto.ca/ams-help-form/

Help is a facility for all AMS subsystems:

• Use the WEB form found at the above address
• Select the appropriate AMS module (e.g., FIS: FAST Team)
• Complete all the information required on the form
• Click on the Send it! button

Mail box is monitored Monday to Friday
9:00 a.m. - 5:00 p.m.
# FAST Team Contacts

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<th>Role</th>
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**Workshop Evaluation:**


**FAST website:**