Middlebury

Travel, Entertainment, and Expense Policy and Procedures

Responsible Vice President:

Executive Vice President for Finance and Administration

Policy Contact:

Controller's Office – Accounts Payable Department

Effective Date: 9-25-17
Last Update: 10-6-2026
Next Review Date: As Needed

I. Policy Statement and Reason for Policy:

The purpose of this policy and procedure document is to provide the Middlebury community with broad guidelines to ensure only reasonable and necessary business expenditures are incurred, documented, and paid for by Middlebury in conformity with applicable laws, acceptable practices, and common sense. This document sets guidelines and establishes the basis for reimbursement of travel, entertainment, and business expenses.

This document establishes the three components required for reimbursement of allowable noncompensation business expenses:

- An allowable business expense
- Substantiation of the expense with receipts and/or an expense report
- Approval of the expense

Business expenses may be reimbursed if an individual paid the expense from personal funds, However, Middlebury prefers that business expenses are paid directly by the purchaser using the purchasing card or through other appropriate Middlebury buying and payment methods.

II. Who is Affected By This Policy:

Middlebury and all its components: Schools, and College (herein after referred to as "Middlebury") have a deep commitment to responsible stewardship of its financial resources and accountability for the public and private support that enables Middlebury to pursue its mission. Anyone incurring expenses while conducting Middlebury business is expected to exercise the same care in incurring these expenses as a prudent person would in their personal spending.

Individuals incurring business expenses on behalf of Middlebury are expected to seek the least expensive option that allows them to do their job effectively and safely. This policy applies to employees,

prospective employees, students employed by the organization, speakers, lecturers, and other guests performing services as well as independent contractors and volunteers.

III. Exclusions: None

IV. Definitions - Allowable and Unallowable Expenses:

Allowable business expenses are ordinary, reasonable, and necessary business expenses paid for or incurred while performing services on behalf of Middlebury. These expenses would qualify as deductible expenses if paid by an employee or contractor and can as such be considered payments under an "accountable plan" as defined by the Internal Revenue Services. A payment under the accountable plan rule will not be reported by the organization as taxable income to the recipient. This also means that the expenses cannot be ones that would have otherwise been paid personally.

The Budget Administrator is responsible and accountable for approving the business purpose and complying with Middlebury's policies. For anything charged to restricted funds (e.g., gifts, sponsored research funds), the person responsible for the budget (e.g., the principal investigator) is responsible and accountable for compliance with all related regulations and / or donor restrictions. This includes adherence to the rule that no alcohol can be charged to federal funds.

Departments may elect to impose stricter controls on expenditures than those required by this policy. When terms imposed by grants, contracts, or departments are less restrictive than those of Middlebury then the Middlebury policy applies. Specific provisions that Middlebury has accepted in sponsored research programs agreements will govern travel and other expenses on those awards and take precedence over Middlebury's policy. Questions in this regard should be directed to the Sponsored Research office.

For students, the accountable plan rule applies only to expenses incurred in the capacity of student employment and for expenses incurred on behalf of Middlebury (e.g., purchase of pizza for a dorm hall pizza party sponsored by the Commons). All other expenses incurred on behalf of the student or by the student to be reimbursed are considered non- qualified scholarship, as such are taxable, and will be reported on Form 1098-T or Form 1042-S.

Expenses incurred in connection with a prospective employee interview and recruitment are reimbursable when properly authorized. Once an offer of employment has been accepted, additional expenses incurred by the newly hired employee and family are considered "moving expenses". Information on staff moving or relocation subsidies can be found on the Human Resource's website. Information for new faculty moving allowances should be discussed with the Academic Affairs Office.

Payments for copyrights, royalties, software licenses, real property rent, personal property leases, or other services should be paid directly by the organization. An employee should not pay for these types of expenses. There may be potential reporting requirements by the Internal Revenue Service for these types of payments.

Tips and gratuities are reimbursable for normal services associated with business travel, such as food services, taxicabs, bellmen, services in connection with events, etc. Reimbursable tips for meals should be included on the original summary receipt that accompanies the detailed receipt for proper documentation. Tips should be reasonable and any unusual amounts must be explained.

V. Procedures:

1) Expenditures Permitted with Advance Approval:

Expenditures listed below are only permitted with advance approval from the appropriate Vice President, Provost, or Budget Administrators. The appropriate signature is required on invoices and vouchers submitted for payment and appropriate review and approval process must be followed when using the purchasing card. Note that electronic devices are governed by a separate policy.

- Meals among co-workers (no advance approval is necessary when traveling together on Middlebury business)
- Departmental gatherings and retreats
- Airfare upgrades, not to include business and first class airfare
- Expediting fees associated with visas or passports
- Laundry or dry-cleaning for business trips with stays in hotels for 7 days or more
- Meal expenses incurred for an accompanying spouse or partner when the presence of the spouse/partner is essential to the event (otherwise not allowed)
- Flowers and plants are only permitted for purchase by the President's Office, Human Resources, and special events with advance approval; Flowers at MIIS are purchased by the MIIS Vice President's Office. Advancement is permitted to purchase flowers as an amenity expense (see below)

2) Expenditures Not Permitted:

- Holiday and personal event parties and decorations
- Political and charitable contributions
- Memberships in non-job related professional societies
- Health, country club, or individual/personal warehouse club memberships
- Kitchen supplies
- Artwork for offices
- Travel clubs
- First or business class airfare
- Hotel amenities such as movies, alcohol from mini-bar, etc.
- Alcoholic beverages with the exception of alcoholic beverages customarily taken with a meal and purchased during a meal or alcoholic beverages served during department outings, parties, or occasional social events; purchase must be in conjunction with official Middlebury business; never allowed on federal sponsored research grants
- Gas for personal vehicle
- Optional conference events such as golf outings, tours, etc.
- Personal expenses such as:
  - Briefcases and luggage
  - Cell phones and other personal electronic devices
  - Personal event gifts, birthdays, baby shower, etc.
  - Personal desk accessories
  - Traffic and parking tickets or fines or court costs
  - Personal credit card fees such as annual fees or delinquency or finance charges
  - ATM fees or U.S. Travelers' check fees unless for international travel
  - New passports or passport renewals, or passport expediting fees
  - Rental, repair, or replacement of clothing
  - Laundry or dry-cleaning

Loss or theft of personal funds or property

Toiletry items and spa-type services including hairdresser fees

Entertainment such as sporting events, theatre tickets, or movies, etc.

Magazines, books, newspapers, and other personal reading materials

Personal automobile service or repair, automobile subscriptions (e.g., ON-Star)

Pet or house sitting fees, kennel fees, and transportation from home to office and back

Medicine and medical services or items

Any item an individual would normally purchase for him/herself if not traveling

3) Cell Phones:

As a general matter, Middlebury does not reimburse employees for cell/mobile phone costs, even in cases where employees use personal devices in the course of their work. Employees are not required to own cell/mobile phones as a condition of employment but must ensure they can meet job expectations.

In rare circumstances, Middlebury will reimburse employees for special add-on cell/mobile phone costs that are required for work responsibilities, for example charges for international service or usage charges for an international trip required by Middlebury. Exceptions may only be made with written approval of the appropriate Vice President.

4) Travel Expenses:

Controlling the organization's costs of travel and maximizing budget resources is the goal of everyone traveling on business.

Preferred travel agents include: Accent Travel and Milne Travel. Travelers are encouraged to consult with the travel agents prior to making flight, hotel, or auto rental reservations, except when attending a conference where special hotel rates are provided.

Travelers may make their own flight, hotel, or auto reservations using web-based services. Travelers choosing this course are encouraged to obtain a competitive quote from one of the preferred vendors before finalizing alternative bookings. Always check for the corporate or educational discount rates if you do make your own hotel reservations. The Middlebury purchasing card must be used if you are opting to make your own reservations vs. using one of the preferred vendors. If you do not have a purchasing card please contact the Controller's office to obtain one.

Cancellation and change fees will be covered only if there is adequate business justification documented. Usually the ticket, if canceled in time, can be reused within one year of the original ticket date. These tickets may not be used for personal travel and it is the responsibility of the department to track unused tickets.

When a traveler takes an indirect route, or interrupts travel from a direct route for other than Middlebury business, any additional personal expense shall be paid by the traveler. Middlebury will only reimburse for the business portion of the trip after completion. The traveler is responsible for producing documentation of the cost of the business portion of the trip.

Middlebury asks anyone traveling outside of the United States to complete a Travel Registration.

5) Per Diem Rates:

We discourage the use of per diem rates for lodging, meals, and mileage. However, the per diem rates may be allowable in certain situations and with prior approval from the Budget Administrator. In addition, federal sponsored research grants are typically budgeted using a per diem rate and therefore are allowed when incurring expenses on the grants. Per diem rates are not allowed on foreign government grants. When using per diem rates you must follow the federal policies and guidelines. The maximum amount allowable is based on federal guidelines for the specific city/state or city/country where you are traveling.

6) Car and Vehicle Rentals:

Middlebury campus: car and van rentals must be made through the Vehicle Rental Department. A Middlebury College Driver's license is required to rent vehicles.

Short-term auto rental from LOCAL vendors: Middlebury has negotiated discounted auto rental rates for travelers through Enterprise Rent-A-Car at (802) 388-3800.

Short-term auto rental from NON-LOCAL vendors: Middlebury has entered into a preferred vendor relationship with E&I National/Enterprise. Travelers are encouraged to register with the Emerald Club to profit from better rates, faster service, and additional vehicle damage insurance coverage.

Only faculty, staff, students, or volunteers may drive vehicles rented for Middlebury business. No others are authorized to operate a rental vehicle for Middlebury business. Middlebury's auto insurance coverage will not cover a driver who is not acting in an official capacity for Middlebury. If more than one individual will be operating a rental vehicle, all drivers must be listed on the rental agreement. A volunteer must complete a volunteer form and file the form with the Human Resources Office prior to driving a vehicle.

Car rentals should be charged to the Middlebury purchasing card. However, if the traveler rents a vehicle using their personal credit card, the traveler can be reimbursed, but the traveler's personal auto insurance will be the primary coverage. Purchasing extra liability insurance from the rental firm is a personal expense and will not be reimbursed. Middlebury's general liability insurance coverage is applicable to the first 29 days. If you are renting a vehicle for 30 days or over you must purchase the extra insurance and Middlebury will reimburse you for this expense. Payment via the purchasing card will cover all necessary insurance. Please contact the Business Services Office at 802-443-5462 for an insurance card.

When traveling outside of the United States, insurance on rental vehicles should be purchased. Middlebury will do its best to assist in case of an emergency or a crisis abroad. All occupants of a rental vehicle must wear seat belts at all times. The use of intoxicants and controlled substances is strictly forbidden.

For information on Rental Vehicle Accidents & Emergencies, see the Middlebury web page.

The organization reimburses members of the faculty and staff using their own vehicles on trips for official business on a per-mile-driven basis using the most recent rates as published by the Internal Revenue

7) Use of Personal Cars, Mileage Reimbursement, and Use of Driver Services:

Service. Purchasing gas for personal vehicle is prohibited. All requests for reimbursement must be submitted to Accounts Payable on the official expense voucher form and must be approved by the budget administrator. The submitted forms must include business purpose, dates of trip, and miles driven with a printout such as Googlemaps substantiating the miles driven unless travel is to often traveled destination, e.g., Middlebury to Burlington Airport.

Employees traveling by rail or air should determine whether to use their personal vehicle or a taxi or driver service based on which would cost the least. For a short trip, employees usually will travel to departure points by personal vehicle and the organization will reimburse mileage and parking expenses.

8) Travel Accident Insurance:

Middlebury carries an Accidental Death and Dismemberment policy covering employees and trustees who travel on the organization's business. Insurance coverage extends to employees while riding in rental vehicles. For more information, contact Business Services at 802-443-5001.

9) Entertainment Expenses:

Reasonable expenses when interacting with external constituencies are trustees, donors, alumni, parents, vendors, job candidates, professional guests, etc. are reimbursed. A business meal or amenity expenditure must have a business purpose. The Budget Administrator is responsible and accountable for approving the business purpose.

A business meal must always include a discussion of a business topic. A meal consumed by an individual dining alone does not constitute a business meal unless it is on a business travel trip. Local business meals for lunch or dinner meetings must be approved (see section on permitted with advance approval). Business meals charged to the organization must be reasonable for the area of travel. The Internal Revenue Service, Publication 1542, provides per diem rates for localities that can be used as a guide for reasonableness.

Entertainment expenses should be reasonable in relation to the nature of the function and the resulting business benefit expected to be derived from the expenditure. A list of names must be indicated on the expense report along with the purpose of the entertainment. Some examples of this type of entertainment would be for alumni functions and entertaining donors or prospective donors. Generally, no more than two or three faculty/staff should dine off-campus with each guest. Spouse/partner may be included if the guest's spouse/partner is present.

Entertaining in a home is an allowable expenditure if the expense is considered "directly related to" or "associated with" business. This includes entertainment that is considered for "goodwill".

Alcoholic beverages are generally not reimbursed. The general Middlebury policy is not to reimburse for alcoholic beverages with the exception of alcoholic beverages customarily taken with a meal. An exception is allowed only in special circumstances for certain donor, advancement, recruitments, visiting artists/lecturers, visiting external reviewers, and similar purposes, determined in advance by the Budget Administrator or appropriate Middlebury official. See "Expenditures Not Permitted" for additional detail.

10) Host Gifts:

An amenity is a gift item that helps to smooth or solidify our business relationships (e.g., logo soft goods & novelties and greeting cards). Appropriate thank-you amenity gifts for a dinner or event host can be brought from the organization up to a $75 limit and will be reimbursed. If staying with a friend rather than

in a hotel, a “payment in lieu of” actual expenses up to a maximum value of $75 is reimbursable if the gift is less than the expense normally incurred, and the expense bears a reasonable resemblance to the benefit provided.

This “payment in lieu of” actual expense is defined as a host gift and travelers may be reimbursed for one host gift per trip subject to the foregoing limitations. The host gift is intended to express Middlebury’s gratitude to the host. Cash payments to the host are not permitted. An appropriate host gift might include a meal at a restaurant or a tangible household item. Gifts must be purchased and presented to the host during the trip. Host gifts are not reimbursed if the expense is incurred after the completion of the trip. We encourage gifts with the Middlebury brand. Other items must receive advance approval from the Budget Administrator.

11) Payment Methods:

Following are the various methods of payment for official Middlebury business, travel and entertainment expenses.

1. Purchasing Card – (pcard)

Middlebury has a Purchasing Card Program that provides an efficient and effective method of purchasing and paying for goods, services, and travel expenses. Faculty and staff that will be incurring Middlebury business expenses should complete an application to obtain a Middlebury pcard. The use of the pcard is for official Middlebury business only. The Middlebury pcard is not allowed for personal expenses. Using the pcard is the expected method of payment for travel use.

2. Personal Charge Card or Cash

If you do not have a Middlebury pcard and you are incurring travel and entertainment expenses for business purposes you can still be reimbursed. For reimbursement, please submit these expenses with receipts on the proper form as indicated in other sections of this policy. Middlebury will reimburse for mileage, cash tips, etc. You should contact the Controller’s Office and apply for a pcard as soon as possible. The pcard office can be reached at the following email address: pcard@middlebury.edu.

3. Travel Advances

Generally, there should not be a need for an advance. The Middlebury purchasing card, whenever possible, is required to be used for all travel expenditures.

You can request a travel advance when a special circumstance applies. A special circumstance may exist for student group travel, athletic team travel, and certain travel abroad. Middlebury will allow a travel advance once the Controller’s Office has reviewed the circumstances and the Budget Administrator has approved the advance. All requests are required to be submitted on the proper voucher form indicating travel dates, business purpose, and the amount of the advanced requested.

Travel advances in excess of expenses submitted must be returned to the Cashier's Office immediately upon return from a trip.

Travel advances must be reconciled using a travel voucher charging the appropriate department and must include receipts and support for expenditures incurred on the trip. The documentation needs to be submitted to the Cashier’s Office. Travel advances in excess of expenses submitted must be returned

to the Cashier's Office immediately upon return from a trip. Travel advance reconciliations and support should be submitted within 30 days upon return.

If an employee does not substantiate expenses and/or return any excess advance within a reasonable period of time (30 days), this amount must be treated as if it were paid under a non-accountable plan and must be treated as salary, subject to withholding, on the employee's Form W-2. These policies and procedures that follow must be adhered to in order for business travel expense reimbursements to remain tax-free to the employee.

Middlebury has the right to deduct a travel advance from the employee's paycheck if the reconciliations and support are not provided to the Cashier's Office within the acceptable time period. Only one outstanding travel advance is allowed.

12) Accounting:

Middlebury requires the use of the purchasing card whenever possible. However, if the situation requires a reimbursement a formal accounting of reimbursable travel expenditures must be submitted to the Accounts Payable Office within 30 days after returning from a trip. The official and current travel expense voucher must be used. The current vouchers are located on the AP website. The voucher needs to include required information such as ID, name, address, citizenship, and appropriate account coding. International travel also requires the appropriate location code. Location codes are used to identify expenses occurring in foreign countries. They are not used for purchases made in the United States. Middlebury follows the Internal Revenue Service accountable plan rules under which payment requests must include original, itemized receipts for meals, hotel accommodations, transportation, etc., and must be approved by the Budget Administrator.

Travelers using Middlebury's purchasing card are responsible for examining and reviewing card transactions to confirm the charges are appropriate and comply with Middlebury policies. All reviewed transactions are subject to an additional approval by a designated person before the payment is processed.

Cardholders must reconcile transactions in the expense module of Oracle assign the appropriate EDORDA to be charged. Images of the receipts must be attached to your Oracle expense report submission.

All charges are subject to audit both internal and external. Any violation of these policies could result in additional internal audits. If excessive or repeated violations occur, additional training may be required. In the event of chronic and irreconcilable accounting difficulties, the pcard may be revoked or result in disciplinary action to the cardholder.

Original copies of the receipts are required for business expenses. However, images will be allowed if a legible image is available. All original receipts should be destroyed if a legible image is provided. Images of receipts for reimbursement or credit card transactions greater than or equal to $25 must be attached to the appropriate transaction voucher or reimbursement statement. Receipts for transaction less than $25 should only be submitted if specifically required by an outside funder/sponsor such as use with federal funds.

Internal Revenue Service regulations require that adequate records substantiate all expenditures for travel and entertainment. This substantiation must include information relating to the:

- Amount of the expenditure
- Time and place of the expenditure

- Business purpose of the expenditure and
- Names and the business relationships of individuals (other than the traveler) for whom the expenditures are made
- Currency Conversion: For a trip, lasting thirty (30) days or less, obtaining a currency conversation rate needs to be done only once. Attach proof of currency conversion to the voucher (e.g., from www.oanda.com)
- Reasonable incidental expenses of $25 or less do not require documentation but need to be enumerated.
- Maintain an expense log and record all expenses individually when traveling in a country where itemized receipts may not be readily available. The use of this method needs to have prior approval by the Dean of Faculty, or Vice President of Academic Administration, or Provost, or Finance Office.

VI. Related Resources:

- Purchasing Card Policy and Procedures
- Grants and Sponsored Programs Office

VII. Contact Roles and Responsibilities:

Financial deans or equivalent financial officers are responsible for ensuring that Budget Administrators and Department Heads abide by this policy.

The Accounts Payable Department in the Controller's Office processes all payments. The Accounts Payable office is responsible for answering questions regarding this policy and questions regarding voucher and purchasing reimbursement requests and processing. Contact: see the Controller's Office website or call (802) 443-5459

The Accounts Payable Department processes and performs audits of reimbursement requests on Middlebury's purchasing cards. Note that these audits are not a substitute for the primary responsibility of and accountability for review and approval that rests with the cardholders, Budget Administrators, and Department Heads. .

The Tax Office in the Controller's Office is responsible for answering questions regarding the handling and advising on all payments to foreign nationals and taxability of nonemployee and employee payments. Neither the Controller's Office nor any part of the Middlebury may provide individuals with specific advice on personal tax matters; individuals in need of personal advice should consult a personal tax advisor. Contact: see the Tax Office website, email middleburytaxoffice@middlebury.edu or call 802-443-5633.

Office of Grants and Sponsored Programs is responsible for advising departments on rules and requirements on federal and nonfederal awards.

VIII. Summary of Changes:

11-2017 – "Individual retirement and Departmental celebrations for Middlebury faculty" has been removed from page 3. 2) Expenditures Not Permitted.