

## J. Types of Expenditures

### 17. Travel

- a. It is the policy of the Foundation to pay for necessary and reasonable travel expenses incurred for official university business. In cases where individuals combine university travel with personal travel, the Foundation will reimburse only the portion attributable to university business. This applies to both the per diem and actual expenditure reimbursement methods.
- b. Include an approved university “**Employee Travel Form**” (FMIS-4) with each request submitted for out-of-state travel expenses.
- c. A traveler may select either a per diem or direct reimbursement payment. The traveler will not be able to receive a combination of both. The only exception would be for excess lodging for moderate/budget accommodations.
- d. Direct actual reimbursement
  - i. Hotel
    - (a) Generally, lodging should not exceed the federal maximum allowable rate for the particular location.
    - (b) Excess lodging will require justification.
    - (c) If the hotel where the conference is held, the conference rate offered by the hotel will be deemed reasonable.
    - (d) Charges to the hotel bill, other than room expense and taxes, must be itemized and explained separately.
    - (e) Only the traveler’s room charge for single occupancy is reimbursable.
  - ii. Meals



- (a) Reasonable expenses incurred for meals while traveling on business will be reimbursed.
  - (b) Please see section VIII J.10 for further details related to direct reimbursement.
- iii. Travelers requesting direct reimbursement will not be given a travel advance. The traveler must submit appropriate documentation for all reimbursable expenses. Other reimbursable expenses include, but are not limited to, parking, taxi fares, mileage, and conference fees.
- iv. Non-reimbursable expenses include, but are not limited to personal items, mini-bar purchases and in-room movies.
- e. Per diem
- i. A per diem allowance is authorized to cover the lodging, meals and incidental expenses of a traveler. Federal law establishes the maximum per diem rates by location. (Go to IRS website to download Publication 1542.) [http://www.irs.ustreas.gov/basic/forms\\_pubs/pubs](http://www.irs.ustreas.gov/basic/forms_pubs/pubs)
  - ii. Travelers may receive an advance per diem not more than two weeks before the date of travel. If the traveler selects a per diem allowance, the traveler will not receive reimbursement for excess meal costs.
  - iii. The per diem will be prorated for partial travel days as follows:

<b>If Time of Departure or Return is:</b>	<b>Per Diem Allowed on Day of Departure</b>	<b>Per Diem Allowed on Day of Return</b>
12:01 a.m. – 6:00 a.m.	1 day	¼ day
6:01 a.m. – noon	¾ day	½ day
12:01 a.m. – 6:00 p.m.	½ day	¾ day



6:01 p.m. – midnight	¼ day	1 day
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- iv. A traveler’s per diem shall not be reduced on the basis of meals included in conference programs. But, if the conference meal is an option (at added cost to the registration fee), the meal subsistence will be reduced based on the rates below. In situations where living quarters are made available to the traveler without charge, a meal subsistence allowance will be given in lieu of per diem.
- v. Business meals with others while traveling will be reduced by traveler’s per diem for that day. This applies to all university employees in attendance.
- vi. When traveling with other university employees, a traveler will be required to certify that he/she notified others to reduce their per diem if the traveler pays for a group meal.
- vii. Subsistence allowances are based on the maximum federal per diem meal rates per locality and are established as follows:

Breakfast	20% of per diem meal rate (rounded to nearest \$)
Lunch	30% of per diem meal rate (rounded to nearest \$)
Dinner	50% of per diem meal rate (rounded to nearest \$)

- viii. In situations where travel packages include air, room and meals (e.g., Las Vegas tours), per diem will not be allowed.
  - ix. For same day inter-island business travel, the traveler may claim \$20 per diem per day for meals.
- f. Airfare

- i. All business-related travel should be done at the lowest available advance purchase coach fare directly to and from the destination.
  - ii. The Foundation will generally not pay for first class or business class airfares or airfare upgrades.
  - iii. Additional costs resulting from upgrades to business or first class, personal side trips or stopovers must be paid by the traveler in advance.
  - iv. Frequent flier benefits may be retained by the traveler, but must not be the basis for selecting airlines.
- g. Automobile
- i. Automobile rental is limited to compact or economy vehicles for individuals, or midsize vehicles for three or more employees traveling together.
- h. Mileage
- i. Mileage is reimbursed at the standard mileage rated determined periodically by the IRS.
- i. Personal expenses
- i. Expenses incurred for traveler's personal benefit, e.g., magazines, movie rentals, spa and other entertainment are not reimbursable. Dry cleaning and laundry expenses may be reimbursed after five consecutive days of business travel.
- j. Companion
- i. When a traveler is accompanied on a university business trip by a non-business companion (spouse, family member, etc.), the latter's travel expenses are considered personal in nature and will not be paid.
- k. Visiting lecturers/speakers, guests of the university

- i. Foundation funds may be used to bring official guests of the university to campus. Costs of transportation, lodging, meals and necessary miscellaneous expenses are included.
  - ii. The same rules for travelers on university business apply to travel expenses paid by the Foundation for visiting lecturers/speakers and guests of the university.
  - iii. Expenses of spouses of official guests to the university may be reimbursed; however, unless the spouse's attendance is mandatory and necessary to the university (this would need to be demonstrated), the expenses will be considered payment for services rendered to the guest and an IRS "Form 1099 Miscellaneous Income" form will be issued at calendar year-end.
  - iv. The visiting lecturer/speaker, guest's social security number must be obtained.
18. Services rendered
  - a. Employees
    - i. The first step in processing payment for services rendered is determining whether the individual is a current employee of the university or if the individual meets the IRS criteria to be considered an employee of the university. See university "**Administrative Procedures #A8.230**" for guidance.
    - ii. Any individual who will be working for a unit and does not qualify as an independent contractor should be added to the university's payroll system before the work begins.

- iii. The Foundation cannot make payments directly to a university employee for any item that is construed to be wages for IRS purposes. In these cases, the university must make the payment to the employee and then Foundation funds can be used to reimburse the university. The following types of payment to a university employee may be construed to be wages:
    - (a) Services rendered or honoraria.
    - (b) Expense allowance where no substantiation or accounting of expenses is required prior to payment.
    - (c) Awards and prizes for outstanding performance or achievement.
    - (d) Fellowship grants.
    - (e) Certain relocation expenses (See below Relocation Expenses).
  - iv. When the Foundation reimburses the university for employee wages paid, the calculation may also include fringe benefits for the employee (e.g. employer portion of FICA, FUTA, SUTA, workers compensation, TDI, etc.) The Verification for Payment of Services to an Individual can be used to process the reimbursement to the university for employee wages.
  - v. If the funds must be on deposit in a university account before the individual can be paid, the Foundation may elect to advance one calendar quarter at a time and may request an accounting of the funds advanced.
- b. Independent contractor
- i. Submit the “**Verification for Payment of Services to an Individual**” form to process payment to an individual who has performed services as an independent contractor.

- ii. If the independent contractor is a nonresident alien, please process the payment through a university account.
  - iii. Attach an original invoice from the independent contractor.
  - iv. For a token honorarium, an invoice will not be required. Instead, a copy of the letter of invitation should be attached.
19. Student aid
- a. Please see “**University of Hawai'i Foundation Student Aid Expenditure Process**” for details on requests for payments in regards to student aid.
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