

Pasadena City College Foundation, Inc.
Reimbursement Expense Plan

Approved by Executive Committee on August 27, 2009
Ratified by Foundation Board on September 22, 2009

These procedures apply to all directors, officers, board members volunteers of the Pasadena City College Foundation (the "Foundation") as well as to employees of the college, and other persons seeking reimbursement from the Foundation regardless of the source of funding. They are intended to cover foreign and domestic travel as well as other business expenses incurred on behalf of the Foundation.

The Foundation is bound to the following laws and regulations in connection with its expense reimbursement practices.

Accountable Plan: Internal Revenue Service regulations require the Foundation to have an "accountable plan" for business expense reimbursement or allowance arrangements. An accountable plan is a reimbursement arrangement that meets three criteria:

- i. Expenses to be reimbursed must have a business connection. This means that the expense must be a deductible business expense incurred in connection with services performed as a director, officer, board member, college employee, or volunteer on behalf of the Foundation. If not reimbursed by the Foundation, the expense would be deductible by individual on his/her 1040 Federal income tax return.
- ii. Expenses to be reimbursed must be submitted with required documentation to the Foundation accountant within a reasonable period of time.

Reasonable Period of Time: The definition of a reasonable period of time depends upon the facts and circumstances of a situation. However, regardless of the facts and circumstances of a situation, actions that take place within the times specified in the following list will be treated as taking place within a reasonable period of time.

- i. An employee adequately accounts for his/her expenses within sixty (60) days after the expenses were paid or incurred, or within sixty (60) days of returning if expenses involve travel.

If an employee meets the criteria for accountable plans outlined above for reimbursement by the Foundation, the College will not include any reimbursements in the employee's taxable income.

The Foundation is a non-profit, tax exempt entity under Section 501 (c) (3) of the Internal Revenue Code. The Foundation is subject to strict rules regarding the manner in which tax-exempt dollars are spent . Business entertainment expenses must be reasonable and appropriate given the position of the director, officer, board member, college employee, or volunteer incurring such expenses.

A. GENERAL REQUIREMENTS

1. **Documentation:** To receive reimbursement for expenses, the director, officer, board member, college employee, or volunteer must prove the expenses were incurred, and that they were incurred in connection with a business purpose. All individuals are required to submit an Expense Disbursement Form along with original documentary evidence (such as third-party receipts; personal credit card charge slips or statements; or a copy of the front and back of canceled check) of the employee's travel, mileage (such as mileage calculations from the internet), and other business expenses. Documentation must clearly state the transaction date; the name of the business establishment; the location; the cost; the business purpose; and the names of all persons involved. On-line receipts are acceptable, provided they reflect the method and proof of payment in addition to the above items.

Although exceptions to the documentation requirement are allowed (such as for metered parking and cash gratuities), an explanation is required and the expenses must be reasonable. See Section B for the definition of what is reasonable.

2. **Methods of Payment:** The following method should be used when incurring business expenses:
 - **Expense Disbursement Form** - Use the Expense Disbursement Form for all reimbursement including travel, lodging, meals, incidentals, mileage, and supplies. Expense Disbursement Forms should be completed with all documentary evidence attached and then sent to the Foundation accountant for check processing. Expense Disbursement Forms should not include extraneous receipts or invoices outside of expenses to be reimbursed.
3. **Approval:** Expense Disbursement Forms must be authorized by the employee's supervisor who, together with the employee, is held accountable that expenses were incurred in connection with a business purpose on behalf of the Foundation. Director and officer Disbursement Forms must be authorized by the External Relations division dean who, together with the Foundation director or officer, is held accountable that expenses were incurred in connection with a business purpose on behalf of the Foundation. Expense Disbursement Forms not reflecting the appropriate approval will be returned to the requestor for completion.
4. **Payment Schedule:** The Foundation accountant will process a reimbursement check for a properly completed and authorized Expense Disbursement Form as outlined herein. When all required documentation and signatures are reflected, reimbursement requests are normally processed within ten (10) business days. However, during peak

scholarship season(s), the length of time to process a reimbursement request may be extended. Checks may be picked up at the Foundation office, sent to an on-campus department, or mailed to the requestor's designated off campus address.

B. REIMBURSEMENT METHODS

The Foundation uses the actual expense method of reimbursement.

- **Actual Expense Method** - Expenses incurred while traveling on Foundation business may be reimbursed using the actual expense method. Requests for actual expense reimbursement shall be submitted to the Foundation accountant on a properly approved Expense Disbursement Form after the completion of travel. All documentary evidence must conform to the requirements in Section A.1. of these procedures. Foreign travelers must clearly document the rate of exchange used to convert the expenses into the United States currency equivalent on the Expense Disbursement Form. [Note that the IRS standard per diem allowances are used by the Foundation accountant to determine the reasonableness of foreign and domestic travel expenses for employees requesting reimbursement under the actual expense method. Actual expenses exceeding the IRS standard per diem allowances will be reviewed for propriety and may result in non-reimbursement.]

Directors, officers, board members, college employees, or volunteers should attempt to use standard, single-occupancy accommodations at reasonably priced commercial class hotels and motels when making reservations. Exceptions will be granted when conference participants are encouraged to stay at hosting hotels. If the director, officer, board member, college employee, or volunteer is accompanied by a non-business companion (*e.g.*, spouse, family member, etc.) and the Disbursement Form does not reflect approval by the department dean (See Section C.5.), only the cost of lodging for the director, officer, board member, college employee, or volunteer is reimbursable. It is the traveler's responsibility to adhere to the hotel's cancellation policy. The traveler will be held financially responsible for early check-out or "no-show" charges incurred because of an unreasonable failure to cancel the reservation.

C. TRAVEL EXPENSES

1. **General:** An employee's travel must be authorized in advance by his/her department dean. A director's, officer's, board member's or volunteer's reimbursable travel expenses are limited to those expenses that are ordinary and necessary in the conduct of Foundation business. Travelers are required to use the most economical method of transportation when planning their travel arrangements.
2. **Airfare:** All individuals traveling on Foundation business shall use the most economical class of service available, and not be biased by potential frequent flyer benefits.

- **Alternative Travel Agency, Internet, or Direct Booking** - When requesting reimbursement, the traveler must provide an original ticket-less receipt, original passenger receipt, or original boarding pass from the airline as proof of travel. Note that emailed or faxed copies of these documents are not acceptable.

If a flight is not taken, travelers are responsible for ensuring any credit vouchers issued are used for future Foundation business purposes. Employee supervisors, or the Foundation dean in the case of Foundation directors, officers, board members, or volunteers, are accountable to ensure all travel by employees, Foundation directors, officers, board members, or volunteers regardless of payment method, is used for Foundation business purposes.

Business-class or first-class upgrades are not reimbursable business expenses and must be paid with personal funds. Membership fees for airline VIP or frequent flier clubs are not reimbursable business expenses and must be paid with personal funds.

It is the Foundation director's, officer's, board member's, volunteer's, or the college employee's responsibility to adhere to the airline's cancellation policy. The traveler will be held financially responsible for changes in flight reservations that are made for non-business reasons, and "no-show" charges incurred due to an unreasonable failure to cancel the reservation.

Airline mileage earned in the conduct of Foundation business is credited to the foundation director, officer, board member, volunteer, or to the college employee. Airline travel vouchers and frequent flier mileage are not reimbursable to Foundation directors, officers, board members, volunteers, or to college employees for travel in connection with Foundation business. The Foundation does not purchase airline vouchers or coupons from employees.

3. **Alcohol:** Alcoholic beverages consumed by travelers are not considered meals and are not reimbursable, except if and when they qualify as part of necessary entertainment expenses.
4. **Baggage Handling:** The Foundation will reimburse reasonable and necessary baggage handling charges. Excess baggage charges will be reimbursed only when carrying Foundation materials.

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5. **Business on Behalf of Others:** On occasion and under special circumstances, a Foundation director, officer, board member, volunteer or college employee may incur ordinary and necessary expenses on behalf of others that are directly related to Foundation business. Reimbursement for travel expenses for any non-Foundation companions (e.g., spouse, family member, etc.) are generally not allowed unless the non-Foundation companion is expected by the Foundation to attend the event. Reimbursement for travel expenses incurred by non-Foundation companions requires the approval signature of the Foundation dean on the Expense Disbursement form. Expenses for personal entertainment and recreational activities incurred by a Foundation director, officer, board member, volunteer, college employee or by a non-Foundation companion are not reimbursable.
6. **Computer Data Lines:** Costs to access computer data lines while traveling are reimbursable if such access is required for the Foundation director, officer, board member, volunteer or college employee's travel, on behalf of the Foundation, responsibilities.
7. **Conference and Seminar Registration Fees:** Whenever feasible, registration fees for conferences and seminars should be requested and paid for in advance. It is expected that Foundation directors, officers, board members, volunteers, or college employees will plan ahead in order to take advantage of any fee discounts. Requests for conference and seminar registration fees must be submitted on Expense Disbursement Forms with appropriate signatures and documentation.
8. **Gifts to Employees:** Tangible gifts to Foundation directors, officers, board members, volunteers or college employees may be paid with Foundation funds under unique and special circumstances such as for retirement or bereavement. Tangible gifts to Foundation directors, officers, board members, volunteers or to college employees may not exceed an aggregate \$150 per person per year and must be approved by the division dean. Tangible gifts include, but are not limited to, flowers, office decorations, gift baskets, candy, gift certificates, and other items and services. Gifts to Foundation directors, officers, board members, volunteers, or to college employees that exceed \$150 per person per year, or that do not meet the unique and special circumstance criteria, will not be reimbursed. An occasional lunch provided for outstanding performance or a birthday is permitted and not considered a tangible gift subject to the \$150 maximum threshold.
9. **Home Office Expenses:** Home office items are generally not reimbursable unless they are exclusively used for Foundation business purposes. Requests to reimburse home office expenses should be accompanied by a written declaration by the Foundation director, officer, board member, volunteer or college employee indicating the home office items were, or will be, exclusively used for Foundation business purposes.
10. **Laundry and Dry Cleaning:** The Foundation does not reimburse Foundation directors, officers, board members, volunteers, or college employees for laundry, dry cleaning, and pressing service costs while traveling on Foundation business. These costs are the sole responsibility of the traveler.

11. **Local Business Expenses:** Local business expenses, on or off campus, are reimbursable only if related to the conduct of Foundation business and if authorized as described in Section A.
12. **Miscellaneous Office Expenses:** Miscellaneous office expenses are items that are purchased for occasional Foundation meetings, (*e.g.*, coffee, tea, fruits, pastries). Expenses should be directly related to the Foundation's operations and responsibilities. Unrelated items (*e.g.*, office decor, plants, candy, etc) are generally not allowable.
13. **Miscellaneous Travel Expenses:** Miscellaneous travel expenses are expenses outside of meals and lodging that are required during Foundation business travel (*i.e.*, parking fees, transportation, telephone costs, and tips). The reimbursement of miscellaneous travel expenses must be substantiated with a receipt and submitted on an Expense Disbursement Form. Personal expenses (*i.e.*, sundries, etc.) are not reimbursable.
14. **Personal Travel:** The Foundation does not reimburse personal travel expenses while on official Foundation business, nor fares for family members accompanying the traveler. (See additional information at Section C.5.) Employees may combine personal travel with Foundation business travel as long as the Foundation business travel serves a valid and authorized Foundation purpose. The director, officer, board member, volunteer or college employee shall pay any and all additional cost of the personal portions. The Foundation director, officer, board member, volunteer or college employee also has full responsibility and liability for any events that occur during personal extensions of the trip.
15. **Personal Vehicles:** Any Foundation director, officer, board member, volunteer or college employee who uses their personal vehicle to conduct Foundation business must have a valid driver's license and the appropriate insurance required by state law. The Foundation reimburses employees for use of their personal vehicle using the standard IRS mileage rate. The Foundation does not reimburse employees for mileage incurred while commuting between their residence and the college. If other methods of transportation are more economical than a personal vehicle, then mileage incurred by a Foundation director, officer, board member, volunteer or college employee may not be reimbursed. Requests for mileage reimbursement should be submitted to the Foundation accountant on an Expense Disbursement Form approved by the employee's supervisor and/or the division dean, along with other travel expenses. Mileage reimbursement requires documentation of the date the miles were incurred, the number of miles (a copy of the applicable information from the internet must be attached), the destination, and the business purpose. The Foundation accountant will notify the Foundation board and college employees of changes in standard IRS mileage rates as needed.
16. **Recruitment:** Travel expenses incurred in connection with the recruitment of key employees must be approved by the Foundation Board of Directors. In general, expenses incurred should not exceed the limits described herein and should be consistent with the terms set forth in these procedures. (For procedures regarding relocation expenses, see Section F.)

17. **Restricted Gifts and Endowment Funds:** Note that funds received from restricted gifts or endowment funds may carry limited spending terms that must be followed in addition to normal Foundation spending procedures.

E. NON-REIMBURSABLE EXPENSES

Non-reimbursable expenses include, but are not limited to, the following items:

- Business expenses not substantiated by original third-party receipts; on-line receipts showing method and proof of payment; or other documentary evidence
- Airline first-class or other seating above the coach level
- Membership fees for frequent flier clubs or airline VIP associations
- Flight insurance
- Outside travel agency transaction fees
- Magazines and other reading material (except authorized subscriptions to professional journals)
- Personal entertainment (*e.g.*, movies, recreational activities or establishments, etc.)
- Costs incurred by failure to cancel reservations (hotel, transportation, etc.)
- Hotel amenities (in-room movies, spa facilities, etc.)
- Hotel laundry service
- Hotel concierge and other services
- Personal phone calls charged to the hotel room
- Barber, hairdresser or other salon services
- Rental car charges for personal use
- Traffic fines or penalties incurred while driving personal or rental vehicles
- Commuting expenses between the employee's home and the Foundation
- Personal items
- Lost or stolen personal items or money
- Store memberships issued in the name of the individual employee (*e.g.*, Costco)
- Child care or pet care
- Repairs, maintenance or towing of personal or rental vehicles
- Payments to third-party individuals or organizations
- Furniture and furnishings including personal office artwork
- Computers and printers

F. RELOCATION EXPENSES

From time to time, the Foundation may offer to pay for relocation expenses in the recruitment of key employees employed through the college for the benefit of the Foundation. The offer to pay all or a portion of moving expenses must be authorized in advance by the Foundation Board of Directors. Given prior authorization, the Foundation will reimburse up to \$5,000 in costs directly related to moving necessary household goods. Upon presentation of three (3) estimates from moving companies for costs over \$5,000, the Board of Directors will consider increasing the amount for out-of-state moves only. Reimbursement will be made by the Foundation's accountant upon receipt of substantiating documentation.

Requests for payment should be submitted to the Foundation's accountant on an approved Expense Disbursement Form reflecting the payee's new home address and social security number for IRS reporting purposes.

G. PROFESSIONAL ASSOCIATION MEMBERSHIP AND SUBSCRIPTIONS

The Foundation will pay for an employee's membership to a professional organization or subscription to a professional journal only when the membership or subscription is critical to the employee's job responsibilities in the Foundation.