

Employee Business Expense Reimbursement Accountable Plan

PURPOSE:

The North Kingstown School District recognizes that employees will at times use their own funds to purchase items that are job-related or are job-related activities. This policy explains the procedures that must be followed for the employee to receive reimbursement for those approved items.

PHILOSOPHY:

Job-related items or activities that at times require employee expending their own funds are common in normal business operations. The North Kingstown School District has established guidelines that conform to IRS regulations which allow reimbursements to employees when they expend their own funds for job-related items or activities. These approved reimbursable expenses will be processed by the Business Office when these policy guidelines are followed.

POLICY STATEMENT:

Accountable Plan

1. The North Kingstown School Department (NKSD) Employee Business Expense Reimbursement Accountable Plan allows certain expenses to be reimbursed to employees without tax consequences. Per Internal Revenue Service (IRS) Publication 15 and Publication 463, certain conditions must be met in order for the expense reimbursement to be considered a reimbursable business expense and not excluded from an employee's W2 wages.
 - a. **Business Connection** - The expense must have a business connection, meaning the expense must have been incurred in the performance of services as an employee of NKSD. Expenses considered reimbursable include mileage between school buildings, professional development, curriculum development, or classroom instruction nature.
 - b. **Substantiated** - The Expense must be substantiated, meaning the employee must provide the employer with evidence of the amount, time, place, and business purpose of the expense within a reasonable period of time after the expense has been incurred. The reasonable period of time under this plan is 60 days after the expense has been incurred.

All reimbursement requests must be entered into the Employee Expense module within 60 days of the date the expense was incurred. After 60 days, the reimbursement request becomes an IRS Non-Accountable expense and will be treated as taxable income and paid thru our payroll system subject to all Federal and State taxes. These payments will also be included in the employees annual W2 earnings.
 - c. **Valid employee business expense** - In order for the employee expense to be a valid business expense, it must be an expense that is **both** ordinary and necessary. An ordinary expense is one that is common and accepted in the Education industry. A necessary expense is one that is helpful and appropriate for the Education industry.
 - d. **Return of Excess Amounts** - The NKSD Accountable Plan does not allow for Cash/Check Advances to employees for Employee Business Related Expenses. All employee expenses incurred will be paid on a reimbursement basis only.

Reimbursement Procedures and Responsibilities

1. The following instructions must be followed in as complete detail as possible when submitting applications for reimbursement of incurred expenses.
 - a. All conference and travel expenses must be approved in writing by your immediate supervisor in advance of your travel. This approval must be attached to the reimbursement request.
 - b. All applications for reimbursement must be submitted through the NKSD Employee Expense module located in the Employee Self Service portal.
 - c. The request must state the business related purpose for the reimbursement. Should the reimbursement be for a meeting/conference outside of the school district, a copy of the meeting request or conference brochure must be attached to the request.
 - d. All items eligible for reimbursement must be supported by proper documentation clearly showing the amount paid. Proper documentation is a **detailed** receipt, **detailed** meal check, on line printout, cancelled check, invoice, or emailed receipt, including date and place incurred.
 - e. Approval of Expenses – Once an Employee Expense Claim is submitted using Employee Self Service Portal software, a workflow process is initiated to receive approval for reimbursement. All business related expense reimbursements are approved by the employee's immediate supervisor, Chief Operating Officer, and the Controller, before the reimbursement is paid.
 - f. Failure to follow reimbursement requirements noted above could result in a delay or denial of the reimbursement request.

Travel Related Expenses

1. **Items Eligible for Reimbursement** – each expense type must be listed and accounted for separately
 - a. **Conference Fees**
 - i. The conference must be related to/or benefit your position and show that your attendance was for business purposes only.
 - ii. A copy of the Conference Agenda must also be included with the reimbursement request per IRS regulations. This can be in the form of a brochure or web posting.
 - iii. The brochure must also indicate the conference fee cost, or a separate invoice must be included.
 - b. **Transportation**
 - i. Allowable methods of transportation are rail, commuter/shuttle bus, airplane, taxi, limousine, ferry, car rental, or ride sharing service.
 - ii. The employee is expected to obtain the lowest available airfare that reasonable meets business travel needs.
 - iii. Allowable transportation accommodations are coach or economy fares only.
 - iv. Taxi, ride sharing service and/or commuter bus may only be used for transportation between the airport or station and the employee's place of lodging.
 - v. Airplane, rail, ferry, commercial bus, or car may only be used for transportation between the employee's school building or home residence and business destination.
 - vi. Each method of transportation must be listed separately in the Employee Expense software and be accompanied by a detailed receipt as proof of payment.
 - c. **Lodging**
 - i. Reimbursable only if the business trip is overnight or long enough that you need to stop for sleep or rest to properly perform your duties. Lodging expenses for a Saturday night stay will

only be approved if it is shown that it is more economical to remain the extra overnight than to return.

- ii. Must be supported by a detailed hotel/motel statement/receipt. The receipt must have the name and location of the hotel, the dates of the stay, and separate amounts for all charges such as lodging, meals, and telephone calls.
- iii. The maximum per diem lodging rate is the lesser of the rate listed in the brochure for the conference hotel or the IRS allowable rate listed at www.gsa.gov/perdiem for that geographic area/zip code. Reimbursement will not be approved for any amounts over the IRS regional rate.
- iv. Movie rental services will not be reimbursed.

d. **Meals**

- i. The maximum amount reimbursed per diem for Meals is \$50 per diem. All meal reimbursement requests must be accompanied with a detailed receipt.
- ii. The per diem rate includes amounts spent for food, non-alcoholic beverages, taxes, and tips. Tips exceeding 20% of the pre-tax meal cost will not be reimbursed.
- iii. Must be listed separately for each day away.
- iv. If departure is before 8:00 a.m. and return is after 5:00 p.m., breakfast and dinner may be included.
- v. Only detailed receipts listing all items purchased will be accepted. Reimbursement requests using summary receipts will not be reimbursed. The receipt must have the name and location of the restaurant, the number of people served, and the date and total amount of the expense.
- vi. Charges for alcoholic beverages will not be reimbursed.

e. **Telephone, Fax or Telegram** – for business related charges only and shall be listed with nature of call.

f. **Parking and/or Road/Bridge Tolls** - must be business related to your travel, listed separately and be supported with proper receipts.

g. **Mileage**

- i. Use of an employee's personal vehicle for business purposes is reimbursable based on the shorter distance between the employee's home location or employee's base school location and the business destination.
- ii. Car mileage reimbursement will be at the prevailing IRS calendar year Standard Mileage Rate that becomes effective January 1st of each calendar year, for the date of travel.
- iii. Mileage distances between school/town buildings have already been established in the Employee Expense software. These distances are the only mileage that will be reimbursed.
- iv. All mileage outside of the School District must be supported by a printout from a recognized web based mapping service (Google Maps / Mapquest / etc.). The printout must show the mileage from your school building /residence to the destination and return mileage to your school building /residence.

h. **Supplies** – any business related supplies required to be purchased for or during the business trip and must be supported with proper receipts.

i. **Taxes** – will only be reimbursed if applied to meals, lodging, transportation, and conference supplies purchased while at the conference.

j. **Tips** - Reimbursement for tipping is limited to 20% of the pre-tax meal amount, taxi fare or ride sharing fare.

- k. **Entertainment Expenses** – will not be reimbursed unless strictly School Department business related and pre-approved by the School Committee.
- l. **Professional Dues** - will only be reimbursed if included as part of the cost of a conference, and must be clearly identified on the vendor invoice.

Non-Travel Related Expenses

1. **Items Eligible for Reimbursement** – all expenses must be Educationally related to your classroom environment.
 - a. **Classroom Supplies**
 - i. Will only be reimbursed in case of an emergency or if the vendor will not accept a purchase order. Employees must indicate in the description field the reason for the purchase.
 - ii. All other classroom supply orders must be submitted via a purchase requisition.
 - b. **Food / Snack Reimbursement** – must list each vendor separately and must be supported with detail receipts, you must circle the items purchased on the receipt.
 - c. **Professional Dues** - will only be reimbursed if the vendor will not accept a purchase order. Employees must indicate in the Description field “vendor will not accept a purchase order”
 - d. **Subscriptions** - will only be reimbursed if the vendor will not accept a purchase order. Employees must indicate in the Description field “vendor will not accept a purchase order”.

Filing Letter of Intent to Participate

1. Each principal or systemwide administrator shall submit to the Superintendent’s office a request to attend professional meetings together with an explanation of the nature of the meeting, its location and estimated cost of attendance. This is essential for determining priorities and allocating budgeted funds.

First Read: 5-21-19

Second Read: 6-11-19