

TRAVEL POLICY

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1.8 TRAVEL

1.8.1 Overview

City employees and elected officials may be required to travel on City business in the performance of their duties and responsibilities. Los Angeles Administrative Code (LAAC) Division 4, Chapter 5, Article 4 establishes City policy relative to allowable costs for travel and for non-travel related expenses for all City employees and elected officials. The LAAC defines travel costs as those incurred outside the geographic boundaries of Los Angeles County. The LAAC states that an employee or elected official will only incur expenses that a reasonable and prudent person would incur if traveling on personal business. The LAAC mandates that, before an employee or elected official incurs expenses, due consideration be given to such factors as suitability, convenience, and the nature of the business involved.

The City's Travel Policy discussed in the sections below provides guidelines and procedures to be followed by City employees traveling on City business. The Policy, to the extent possible, takes into consideration the range of travel costs and the unpredictable realities of travel. The Policy also applies to anyone whose travel expenses are paid by the City. Departments should use this Policy when developing their own internal policies and procedures for reimbursing travel expenses. Individual departments may, at their discretion, impose greater restrictions and/or controls beyond what is required by this Policy. Departments should provide the Controller's Office with their travel policies.

Departments should be mindful that documents related to City travel expenditures are public records and may be subject to disclosure under the California Public Records Act.

1.8.2 Purpose of Policy

The purpose of the City's Travel Policy is to:

- Provide guidance to Department Heads, City Travelers (herein referred to as Travelers), Departmental Travel Coordinators, and Authorized Approvers for managing travel expenses;
- Provide a uniform process to approve and control travel expenses that take into consideration the LAAC, the prudent use of public monies, and the Internal Revenue Service (IRS) rules on taxable income consequences for Travelers as well as reporting obligations on the part of the City;

- Provide guidance on reimbursable and non-reimbursable expenses; and,
- Streamline the encumbrance and reimbursement processes.

1.8.3 IRS Taxable Income Reporting Requirements

The City's Travel Policy and reimbursement procedures are designed to conform to the "Accountable Plan" rules of the IRS to avoid the administrative burden of reporting reimbursements as taxable income subject to withholding and payment of employment taxes. Therefore, the reimbursement guidelines for travel expenses are not meant to result in additional taxable income, except for meals reimbursements without overnight lodging, to the Traveler if the rules herein are followed. To comply with the Accountable Plan, the City and Travelers must meet all three of the following IRS rules:

- There is a business connection to the expenditures.
- There must be "adequate" accounting of the expenditures by Travelers within a reasonable period of time. Adequate accounting means that the Traveler must provide the date, time, place, amount, and business purpose of expenses along with documentary evidence such as receipts.
- Excess reimbursements or advances must be returned to the City within a reasonable period of time. Failure to return excess reimbursements or in the case of advances, amounts paid in excess of the substantiated expenses are required to be reported to the IRS as taxable income.

Note that there are other circumstances that would trigger taxable income reporting requirements, which are discussed in Sections 1.8.13 and 1.8.15 of this document.

Although being in travel status in excess of one year is uncommon for City travelers, Departments are advised that taxable income reporting is also required when reimbursements are for expenses incurred at a single location when the job assignment is expected to last in excess of one year, or does in fact exceed one year.

1.8.4 Controller Responsibilities

Charter Section 262 requires the Controller to, among other things, have adequate evidence that (1) the appropriation for the goods or services has been made; (2) the prices charged are reasonable; and, (3) any additional criteria established by ordinance have been satisfied before approving payment of demands drawn upon the City Treasury. In addition, the Charter authorizes the Controller to delegate payment functions to Departments and charges the Controller with the responsibility to regularly review the

accounting practices of Departments. To streamline the payment approval process, departments certified under the Certification and Fiscal Monitoring Program (CFMP) (Certified Departments) is not required to obtain Controller approval. Travel advances and City's travel credit card payments are processed by the Controller's Office.

1.8.5 Controller Compliance Review

The Controller's Office will review Departments' compliance with this Travel Policy. If findings from the reviews are not corrected, the delegated authority to the Department for travel may be rescinded and the Department will then have to obtain the Controller's Office approval of travel encumbrances and payments until the delegated authority is reinstated.

Review of Fire and Police Pensions and City Employees' Retirement System Departments will be in accordance with their Boards' adopted travel policies since under the City Charter, the Boards have control over their respective trust fund assets, including independent contracting authority for administrative expenditures such as travel.

1.8.6 Definition of Travel

The LAAC defines travel costs as those incurred outside the geographic boundaries of Los Angeles County. The Internal Revenue Service (IRS) considers an individual ***traveling*** if:

- The duties require the individual to be away from the general area of the individual's primary residence substantially longer than an ordinary day's work, and,
- The individual needs to sleep or rest to meet the demands of work while away from the primary residence.

"50-mile" Rule

In line with the best practice of other governmental entities, the City follows the "50-mile" rule. Under this rule, travel reimbursements will be made only if the destination is farther than 50 miles both from an individual's primary residence and work location, unless one of the circumstances below applies.

"50-mile" Rule Exceptions

Reimbursement may be allowed for lodging, and meal and incidental expenses when the travel destination does not meet the "50-mile" rule under any one of the circumstances listed below with documentation of the specific circumstance and pre-approval of the travel and estimated expenses by the Department Head. Also see Section 1.8.13 for lodging, and meals and incidental reimbursement amounts. *Use of this rule should be noted as an exception on the General Accounting Encumbrance Travel (GAETL) and Personal Expense Statement (PES) documents.*

- Conference/meeting start (not check-in) time is before 8 a.m. or end time is after 6 p.m.
- Traveler cannot drive to the destination and public transportation is not available to arrive in time for, or leave after conference/meeting.
- Traveler needs to arrive before 8 a.m. to host the event, or setup for the event (e.g., exhibit booth), or leave after 6 p.m. to pack up.

1.8.7 Purpose of Travel and Required Authorizations

The LAAC allows the reimbursement of travel costs when employees and elected officials travel on "official City business". To constitute "official City business", the activities of an employee or elected official must demonstrate:

- A valid City interest to be served or gained thereby; or
- Relevance to the City operations or the individual's role in such operations; or
- The promotion or development of City programs, methods or administration; or,
- Compliance with instructions or authorization from the Mayor or the Council.

A. Travel Authority

The Financial Management System (FMS) includes "*encumbrance processing for payment creation*" to ensure compliance with the Charter requirement for adequate evidence that appropriation for goods or services has been made prior to payment of demands upon the City Treasury. An encumbering document, the GAETL document, is required for all City travel. A completed travel authority document must be approved by the Department Head (or Authorized Approver) 10 business days prior to the commencement of travel. Also see Section 1.8.8.A on required approvals from the Office the Mayor.

The following are acceptable documentation to support the necessity and importance of the travel:

- Brief description of the purpose of the business meeting/trip; and,
- Brochures, flyers, pamphlets or agenda for professional conferences and/or training programs; or
- Correspondence between City employee/s and individual/s responsible for planning or scheduling business meeting/s (other than professional conferences or training programs).

B. Travel Blanket Authorities

In cases where Departments have recurring and same purpose travel needs, travel blanket authorities may be established. Recurring and same purpose travel is typically for large groups of employees that must travel throughout the year to perform functions or attend activities for the same purpose. For example, Tax and Permit Auditors regularly travel to various locations to perform auditing functions; City Attorneys may often travel to various locations to participate in depositions; and police officers frequently travel for investigation and extradition purposes.

Departments must submit a GAETL document for the total estimated dollar amount needed to cover the recurring and same purpose trips for the entire fiscal year. Departments must include a written justification explaining the recurring and same purpose nature of the requested trips.

C. Travel to Sacramento or Washington D.C.

The LAAC requires all non-elected City officials and all other City employees to notify the Mayor, the Chair of the Committee that oversees the Intergovernmental Relations function, and the Chief Legislative Analyst *prior to traveling on official City business* to Sacramento or to Washington, D.C. Effective March 25, 2013, employees of the City Council or Office of the Mayor are exempt from this requirement.

D. Foreign Travel involving more than one City Commissioner

The LAAC requires advance Council approval for foreign travel (except to Canada or Mexico) involving more than one City commissioner.

E. Mayor's Executive Directive No. 4 Intergovernmental Relations

The Mayor's Executive Directive No. 4 and its accompanying "Procedures Manual for the Development and Representation of the City of Los Angeles' Policy and Legislative Positions" require that "all travel to Sacramento and Washington, D.C. by City employees and non-elected officials for the purposes of advocacy on behalf of the City is subject to the approval of the Mayor. This also includes any travel by any City employee outside of the State of California for the purpose of conducting official City business with any other government entity, commission, agency or department." It is the responsibility of each City employee to adhere to the Mayor's procedures manual. Elected officials and their staff are exempt from this requirement.

F. Travel to Arizona

In May 2010, the Council suspended all City travel to the State of Arizona to conduct City business unless special circumstances can be demonstrated to the Council that the failure to authorize such travel would seriously harm City interests. The travel ban would be lifted upon the repeal of SB 1070 and HB 2162 in the State of Arizona. It is the responsibility of each City employee to obtain prior Council approval for travel on City business to the State of Arizona. The travel ban does not apply to proprietary departments, Fire and Police Pensions, and Los Angeles City Employees' Retirement System unless their respective Boards have adopted the same or a similar policy.

1.8.8 Approval of Travel Documents

A. Office of the Mayor Approval

Travel authority documents (i.e., GAETL) for all Department Heads and Commissioners, including proprietary departments require approval by the Mayor's Office. In addition, Department Heads' and Commissioners' PES that have exceptions to the City's Travel Policy require approval by the Mayor's Office. The Department Heads and Commissioners for Fire and Police Pensions and Los Angeles City Employees' Retirement System are exempt from the requirements since their Boards have sole and exclusive authority over their respective trust fund assets.

B. Department Approval

For the purpose of the City's Travel Policy, "approval by the Department Head" generally refers to the General Manager. Department Heads are responsible for approving their staff's travel authority and PES documents. Department Heads may designate other Authorized Approver(s) for travel. For the following departments with Board of Commissioners, approval authority for their staff's travel documents is the General Manager unless otherwise stated in the Board's adopted policy: Fire and Police Pensions, Los Angeles City Employees' Retirement System, Airports, Harbor, and Water and Power.

Department Heads' and Board members' travel authority documents require Mayor's Office approval. Furthermore, Department Heads and Board members should not approve their own PES documents. If there are no expenditure exceptions to the City's Travel Policy, the Department Head's PES documents can be approved by an Authorized Approver and in the case of a Board adopted policy, in accordance with the policy. If not specified in the Board adopted policy, the Board President's PES documents that do not include exceptions to the City's Travel Policy can be approved by the Board Vice President. Mayor's Office approval is required on Department Heads' and Board members' PES documents with exceptions.

1.8.9 Required Receipts and Documentation

Department Head approvals of GAETL, PES, Travel Expenditure (TEX) documents, and travel advance (if applicable) must be in the Financial Management System (FMS). In addition, all required receipts, exceptions and documentation supporting exceptions, and approvals of exceptions to the Travel Policy must be scanned and posted in the FMS for audit purposes. Departments should also retain original receipts and documents for at least five years. Also see Section 1.8.27 for further guidance on documentation of expenses.

The City's Travel Policy includes exception provisions. The following are required to be noted as "exceptions" on the GAETL and/or PES documents and Traveler must provide justification:

- Travel under "50-mile" Rule Exceptions
- Airfare other than for coach class

- Additional costs for extra leg-room coach class
- Fees for more than one checked bag
- Airport parking rate more than 25 percent of the applicable airport lot rate
- Non-conference lodging rate that is more than federal per diem rate for destination
- Shared lodging for Authorized Travelers
- Full reimbursement for meals on travel day(s)
- Full reimbursement for meals when meal is provided by conference
- Transportation to procure meal (Note: limit is \$5 per day)
- Rental car other than mid-size or smaller
- Laundry service when travel is for less than four consecutive nights
- Reimbursement for fueling City vehicles if unable to obtain a temporary Voyager Card from Department of General Services.

1.8.10 LAAC Reporting Requirements

The LAAC requires a report that summarizes the nature and purpose of the travel or convention and describes the significant information gained and/or benefits accruing to the City. This report is due 30 days from the completion of the travel or convention from the City employee to his or her appointing authority. Elected officials are exempted from this reporting requirement.

1.8.11 Department Travel Coordinator

Department Head shall designate a Department Travel Coordinator (DTC) who will:

- Serve as the primary contact for travel coordination and processing;
- Ensure that Travelers have read and understood the Travel Policy;
- Review GAETL and PES documents and identify exceptions to the Travel Policy, obtain written justification and the supporting documentation for the exceptions, and provide the exceptions and documentation with the GAETL and/or PES to the Department Head for approval;
- Ensure that unallowable and/or unapproved expenses are not on final PES documents;
- Track credits from canceled airline reservations; and,
- Provide on-time response to Controller's Demand Audit Section regarding charges on City's travel credit card.

1.8.12 Transportation to Destination

A. City Authorized Business Travel Service Provider

To the extent possible, all Travelers should utilize the City authorized business travel service provider for all City business-related travel. Currently, the City is using the State of California Department of General Services (State) travel agency contract with TravelStore to maximize savings on air travel. **The State, in conjunction with TravelStore, has established a website dedicated for government travel, www.caltravelstore.net. Dedicated TravelStore agents can also be reached at 1-877-454-TRVL (8785).** Travelers should use the self-service online system to make travel reservations whenever possible since the transaction fee is less than agent-assisted reservations. Agents are available for more complex travel arrangements.

Air travels booked through TravelStore are charged to the City's credit card. The Controller's Office will provide departments with monthly reports of their airfare expenditures with TravelStore for verification and approval of their charges.

Travelers may use other travel service providers under the following conditions:

- The Traveler is willing to use his or her personal credit card to book the flight or other mode of transportation; and,
- Premier economy seating which are justified and approved by Department Head but not available at TravelStore; and
- Sufficient proof is provided that the airfare is equal to or lower than airfare or fare available at TravelStore, at the time of GAETL approval.

Travelers are responsible for canceling airline reservations if the trip is canceled or postponed and obtaining a copy of their non-transferable credit for future use with TravelStore. Similar steps should be taken when flights are not booked with TravelStore.

B. Airline Travel

LAAC Section 2.242.3(a) states that, except in case of official necessity, air travel expenses are allowable only for the lowest regular fare available for regularly scheduled airlines for the date and time selected. It further states that claims for reimbursement of higher fare or extra charges for transportation by scheduled airlines

are allowable only if certified by the Department Head that he or she has reviewed and concurs with the facts constituting the official necessity.

Coach or economy class fare is presumed to be the lowest regular fare available for regularly scheduled airlines. Travelers are required to only incur expenses that a reasonable and prudent person would incur if traveling on personal business and, therefore should consider the least expensive class of travel that meets their needs. Travelers are expected to make reservations as far in advance as possible to avoid paying higher fares. Purchase of a refundable ticket, which is usually more expensive than a nonrefundable ticket, should be pre-approved by Department Head. The benefit of booking a non-refundable ticket should be weighed against the risk of changes in travel plans before purchasing the ticket.

While the determination of “official necessity” falls under the purview of Department Heads, below are guidelines in determining whether the cost of business-class or premier economy seating accommodations is “reasonable”. The guidelines are consistent with federal guidelines and best practices of other government entities. *Use of any of the reasons below should be documented and noted as exceptions to the Travel Policy on the GAETL and PES documents.*

- When use of other than coach-class is necessary to accommodate a medical necessity. A written certification of the medical necessity and a recommended suitable class of transportation from a competent medical authority must be submitted.
- When exceptional security circumstances require other than coach-class accommodations.
- Where the origin and/or destination are outside the Continental United States and the scheduled flight time, including non-overnight stopovers (e.g., layovers) and change of planes, is in excess of 14 hours; and the Traveler is required to report to duty the following day or sooner. Scheduled flight time is the flight time between the originating departure point and the ultimate arrival point including scheduled non-overnight time spent at airports during plane changes. Scheduled flight time does not include time spent at the originating or ultimate arrival airports. Direct flights must be selected except when flights with stopovers are more economical.
- When no coach-class accommodations are available on any airline that is scheduled to leave within 24 hours of the proposed departure time, or scheduled to arrive within 24 hours of the proposed arrival time.
- When the use of other than coach-class accommodations results in overall cost savings to the City. Sufficient proof of cost savings must be provided.

Travelers should select an arrival/departure airport that is closest to the destination unless flights are not available or airfare is more expensive than the additional ground

transportation costs to reach the destination. Travelers should document why the closest airport to the destination was not selected. Traveling within and between foreign countries should also be by the most economical and direct transportation mode unless savings can be achieved otherwise.

Exceptions to the Policy (including Reasons 1 to 5 above) must be justified in writing and approved in advance by Department Head. Receipt is required to be reimbursed for actual cost of airfare (note: flight insurance is not reimbursable).

1) Seating Upgrade Programs

Some airlines have seating upgrade programs for coach-class. These programs are sometimes called "Coach Elite", "Coach Plus", "Preferred Coach" or "Economy Plus". Under these airline programs, a passenger may obtain for a fee a more desirable seat choice within the coach-class cabin. Although these coach upgrade options are not considered a new or higher class of accommodation since the seating is still in the coach cabin, the use of these upgraded/preferred coach seating options is generally a Traveler's personal choice and therefore is at the Traveler's personal expense.

Exception:

When use of extra leg-room coach class is necessary to accommodate for a medical necessity, exception must be justified in writing and approved in advanced by Department Head. The additional cost for use of extra leg-room coach class should be noted as exceptions to the Travel Policy on the GAETL and PES documents.

2) Checked Baggage Fees

Some airlines charge fees for checked baggage. In cases where the Traveler is charged for the first checked bag, the City will reimburse for the fee. Fees for additional checked bags will not be reimbursed unless justification is provided for a business need, such as when the Traveler needs to carry special equipment or the length of travel justifies additional bags. *Fees for additional checked bags should be noted as exception on GAETL and PES documents.*

3) Promotional Materials and Frequent Traveler Programs

Consistent with current federal practice, the City will only reimburse for actual out-of-pocket expenses incurred. Therefore, the City will not reimburse for any

promotional benefits used in connection with City travel. Travelers may use frequent Traveler benefits, earned on official or personal travel, for a subsequent City travel but will not receive reimbursement for City-related use of such benefits.

4) Airport Parking

Travelers should use the most economical self-parking option at or near the airport and obtain pre-approval for airport parking. Receipt is required for reimbursement. Parking at the airport lots listed below or in other locations that do not exceed 25 percent of the applicable airport's rate (which includes tax) does not require justification. Departments should verify the airport rate since the parking rates noted below are subject to change. For airports not listed below, Traveler should use the lowest airport parking lot rate for that airport.

- Burbank Bob Hope Airport – Lots A (\$10 per day)
- John Wayne International Airport – Main Street Lot (\$14 per day)
- Long Beach Airport – Lot B (\$17 per day)
- Los Angeles International Airport (LAX) – Lot C (\$12 per day)
- Ontario International Airport – Lot 5 (\$9 per day)

If the Traveler knows prior to the travel that an exception is necessary, provide written justification to the Department Head for approval. If the Traveler does not use the most economical self-parking option and did not obtain approval in advance, Department Head approval of the justification is required for reimbursement. *Parking that exceeds the applicable airport rate by more 25 percent should be noted as exception on the GAETL and PES documents.*

C. Alternate Mode of Transportation (other than airline travel)

In accordance with the LAAC, in all instances where a mode of transportation other than regularly scheduled airline is chosen, the Department Head shall authorize such alternate mode of transportation in advance and the allowable cost shall be the actual cost of the alternate mode of transportation (including incidental costs such as parking fees) or the cost allowable under a regularly scheduled airline, whichever is less.

Cost comparison is not necessary between air travel and driving a private or rental automobile when the destination is in an adjacent county to Los Angeles since air travel is generally not the most economical or convenient. Adjacent counties include Orange, Riverside, San Diego, San Bernardino, Ventura, Kern, Santa Barbara, and San Luis Obispo.

The use of private automobile must be authorized in advance by the Department Head. The reimbursement for the use of private automobile shall be in accordance with the mileage provisions under the LAAC Division 4, Chapter 5, Article 2 Use of Privately Owned Automobiles on City Business and Reimbursement Therefor. It should be noted that Article 2 prohibits the reimbursement of mileage traveled between the employee's home and headquarters. Mileage reimbursement for City employees will be for the distance in excess of home to headquarters during scheduled work days and for non-scheduled work days, reimbursement will be for miles from home to destination and back (map print-out with the number of miles is required).

Additionally, the LAAC requires the Traveler to obtain a satisfactory policy of public liability insurance covering the full use and operation of the private automobile. A memorandum authorizing the use of private automobile signed by the Department Head must be included with the GAETL. The memorandum must certify that the Traveler has complied with LAAC Section 4.232 and has a valid driver's license. For complete insurance requirements, see LAAC Section 4.232 or the Risk Management Procedure Manual at <http://caodocs.ci.la.ca.us/riskmgmt/CAORiskMgmtManual.pdf>.

Reimbursement for use of a personal automobile will be payable to only one employee when traveling together with other employees on the same trip and in the same vehicle.

The use of a personal automobile for travel may not be reimbursable in cases where the Traveler receives a car allowance or any type of vehicle subsidy from the City on a regular basis through payroll. Travelers on mileage reimbursement should claim mileage associated with travel on the travel expense statement and not on the mileage reimbursement form.

For automobile rental, see Section 1.8.16.

1.8.13 Per Diem (Lodging, Meals and Incidentals)

Under the LAAC, it is expected that, in the selection of restaurants and hotel rooms, Travelers will seek moderately-priced establishments of acceptable quality. The LAAC requires Travelers to consider transportation costs, time and other relevant factors in selecting the most economical and practical accommodations.

In accordance with Council policy (C.F. 82-0944), advances and reimbursements for per diem (lodging, and meals and incidental expenses), shall not exceed the per diem limits detailed in the "Travel Allowances – Air Fare and Per Diem Rates" of the City Budget Manual. The City Administrative Officer (CAO) publishes the annual City Budget Manual, which can be accessed at <http://caodocs.ci.la.ca.us>.

The City is using the federal destination per diem rates (for the month of travel) as the maximum rates for reimbursements on lodging and meals and incidentals (M&IE) for departments to follow, with noted exceptions. The destination per diem rates Travelers should use are as follows:

- U.S. General Services Administration (GSA) for travel within the Continental U.S. (taxes are not included in the lodging rates). Rates are available on www.gsa.gov. Select "Per Diem Rates" and enter destination to find the daily rate.
- Department of Defense (DOD) for travel outside the Continental U.S., non-foreign such as Hawaii and Alaska (taxes are not included in the lodging rates) – see www.defensetravel.dod.mil/site/perdiemCalc.cfm or go to www.gsa.gov and there is a link below the map to the site. Use the amounts under "Maximum Lodging" and "Local Meals" columns. "Local Meals" is for three meals and incidentals.
- State Department for travel to foreign countries (taxes are included in the lodging rates). Rates are available on www.aoprals.state or go to www.gsa.gov and there is a link below the map to the site. Select "Foreign Per Diem Rates by Location" and enter destination to find the rates. Use "Maximum Lodging Rate" and "M&IE Rate" columns.

A. Lodging/Hotel

Lodging is for single occupancy standard rooms and generally, stay should be limited to the actual dates of the meeting/conference – arrive on the day the official business starts and return on the day the official business concludes. For out-of-state travel, Travelers may arrive the night before, regardless of the time the meeting starts. In addition, Department Heads may authorize extending the stay for any of the reasons discussed below with documentation of the reason. The following are guidelines for Department Heads to follow and therefore are not considered to be exceptions:

- In-state travel that meets the "50-mile" rule, Traveler may arrive the evening prior to the event/conference morning if the Traveler would otherwise have to depart so early in the morning to arrive in time that it would be impossible or constitute a hardship for the Traveler.

- In-state travel that meets the “50-mile” rule, Traveler may stay an additional night and return the following morning if the Traveler would otherwise arrive home so late in the evening that it would be impossible or constitute a hardship for the Traveler.
- Out-of-state travel, Traveler may stay an additional night and return the following morning if the meeting ends too late for the Traveler to make the last available flight or if the Department Head determines the stay to be necessary or in the best interests of the City. For example, conference ends at 2:00 p.m. but conference attendees plan on getting together afterwards to discuss business-related matters.
- Staying an additional night, either before and/or after the meeting, if it results in a net savings to the City when all costs are considered (provide a detailed accounting of the savings).

Travelers should inquire if government rate is available at time of hotel reservation and request that rate if it is less than the federal per diem rate.

Reimbursement will be for actual hotel expenses but not to exceed the total of the applicable federal per diem rate (plus fees and taxes, if applicable) for the destination and length of stay for the individual Traveler. Exceptions to reimbursing at higher than the federal per diem rate for the destination are discussed below. Department Heads should not approve lodging costs that exceed the limits in this policy. Under IRS rules, Travelers can be reimbursed for actual costs but the costs cannot be “lavish and extravagant”, otherwise, the reimbursement becomes taxable income. An itemized original lodging receipt (listing all expenses such as meals, phone calls, services charged to the room) must be provided for reimbursement to be made in all instances. Credit card receipts alone do not satisfy this requirement. Note: reimbursement of meal charges, including room service delivery, on hotel invoices should be in accordance with the M&IE guidelines and within the limits.

IRS Rule – Reimbursement without Receipt

The IRS requires reporting of lodgings that are in excess of the destination per diem rates, which are not supported by receipts, as taxable income on employees' Form W-2. However, Departments should not reimburse for lodging without a receipt since the City is not using the federal per diem rate as an allowance. If a reimbursement was inadvertently provided in excess of the per diem rates without receipt and the Department was unable to get the Traveler to return the excess amount, Departments are responsible for notifying the Controller's Payroll Administration and providing the necessary information for reporting to the IRS.

Travelers can be reimbursed for lodging if any of the exceptions to the “50-mile” rule discussed in Section 1.8.6 is applicable and pre-approved by the Department Head. Reimbursement will be for actual expenses but not to exceed the applicable federal destination per diem rate (200 percent allowance is not applicable) or conference hotel rate. Lodging receipt is required. Traveler should select alternative lodging if conference hotel rate exceeds federal per diem rate by 200 percent (i.e., hotel rate should not be more than double the federal rate).

Travelers are responsible for canceling hotel room when a trip is canceled or postponed, and documenting the cancelation in case of billing disputes.

Exceptions to Federal Per Diem Rate

1) *Conference Travel*

a) *Conference Hotel*

When a conference or event is held in a particular hotel, the Traveler is not precluded from staying at that conference or event hotel if such expenses would exceed the federal destination per diem limit under the LAAC. In addition, Federal Travel Regulations Section 301-11.300 provides for circumstances when actual expenses are warranted, including when “lodging and/or meals are procured at a prearranged place, such as a hotel where a meeting, conference or training session is held” Proper documentation such as brochure or literature indicating the event is being held in a particular hotel must be submitted and approved since the Department Head can require the Traveler to stay at a hotel with a lower rate. In addition, if the conference hotel rate exceeds the federal rate by 200 percent (i.e., hotel rate is more than double the federal rate) the Traveler should select alternative lodging.

b) *“Authorized” or “Sponsor” Hotels*

The LAAC does not specifically address instances where the conference or convention is held at a convention center or location other than a hotel. However, a reasonable conclusion is that the intent is to allow for staying at “authorized” or “sponsor” hotels of conference or convention. *To the extent feasible, Travelers should try to select the most economical among the “authorized” or “sponsor” hotels. However, it is not necessary to demonstrate that the selected hotel’s rate is the most economical rate of all*

the hotels. Reimbursements for actual costs that do not exceed 200 percent of the federal destination per diem rate will be allowed if:

- i) The sponsor hotel rate does not exceed the conference hotel rate, which is within the 200 percent cap, with documentation of the conference hotel rate; or,
- ii) There is not a designated hotel or the Traveler does not have documentation of the conference hotel rate. Traveler must obtain two quotes from hotels within a reasonable walking distance (i.e., ½ mile or less) and one quote from a hotel farther away with free shuttle service to the conference, and select the most economical hotel. If none of the hotels have free shuttle service, the Traveler must obtain three quotes from hotels within a reasonable walking distance and select the most economical.

c) Other Hotels

If a room is not available at the conference hotel or one of the “authorized/sponsor” hotels, the reimbursement for a hotel near the conference site can be based on:

- i) Actual expenses up to the total of the federal per diem (plus fees and taxes, if applicable) for the length of stay. For example, different rates for three nights stay but the total for the three nights does not exceed the total of the federal per diem rate for three nights; or,
- ii) Actual expenses but not to exceed the conference hotel rate (which is within the 200 percent cap) with documentation of the conference hotel rate (Note: cannot use sponsor hotel rates for this exception).

Reimbursements for hotel rates in accordance with the above guidelines for conference lodgings are not considered to be exceptions to the Travel Policy; therefore, exception notation on the GAETL and PES documents is not required.

2) *Non-Conference Travel*

If lodging is not available at the federal destination per diem rate or lodging options at the per diem rate are not practical and travel is not for a conference, the Traveler must provide justification to the Department Head and obtain approval to be reimbursed for a higher rate but not to exceed 200 percent of the federal per diem

rate for the destination. If the Department Head approves the higher hotel rate, this exception should be noted on the GAETL and PES documents. Traveler will be reimbursed at the federal destination per diem rate if the Department Head does not approve the higher rate.

The cap at 200 percent is not meant to condone selection of a more expensive room or hotel when a less costly practical option is available. The cap is meant to mitigate the Traveler from having to personally cover ordinary, reasonable and/or necessary costs as a result of travel for City business.

Department Heads should not approve a rate higher than the 200 percent cap since a higher percentage may be deemed by the IRS as "lavish and extravagant" and not ordinary, necessary and reasonable. "Lavish and extravagant" expenses are subject to taxable income reporting and are treated as paid under a non-accountable plan. In addition, the public may perceive the expenses as not a prudent use of public funds.

If the purpose of travel is to assist an agency/municipality in a federal, state or local emergency incident and with no alternative lodging, Department Heads can approve actual hotel expenses. *Lodging that exceeds 200 percent of the federal per diem rate should be noted as an exception on the GAETL and PES documents and Traveler should provide sufficient justification and documentation.*

3) Shared Lodging

If there are situations when two City Authorized Travelers choose to share a room, the cost of a double occupancy room cannot exceed 300 percent of the federal per diem rate for the destination. *Department Head approval is required and this exception should be noted on the GAETL and PES documents.*

The Traveler that paid the bill would claim the total paid for the room on his/her PES and list the name of the other Traveler. The other Traveler's PES should also note the name of the person that he/she shared lodging with.

B. Meals and Incidentals (M&IE)

The LAAC allows the reimbursement of a maximum of three meals a day. M&IE will be reimbursed at claimed amount but not to exceed the applicable federal per diem rate for the destination with noted exceptions. Note: reimbursement for M&IE should

reflect adjustments for meal charges on a hotel invoice, including room service delivery charges that are within the per diem limit.

Applicable federal per diems are as follow:

- First day of the trip (i.e., Traveler departs for the trip), use the per diem rate for the destination city.
- Last day of the trip (i.e., Traveler returns from the trip), use the per diem rate for the last location where the Traveler stayed overnight.
- If Traveler is in more than one city/location per day, use the per diem for the city/location in which the Traveler spends the night.

Example of M&IE rates to use for a trip with multiple destinations

4-Day Trip from Los Angeles to London, London to Paris, and Paris to Los Angeles

Day 1: Departure flight from Los Angeles to London (destination city is London and overnight stay is in London)
M&IE reimbursement is not to exceed 75% of the per diem rate for London

Day 2: Remain in London (overnight stay is in London)
M&IE reimbursement is not to exceed 100% of the per diem rate for London.

Day 3: Flight/train from London to Paris (overnight stay is in Paris)
M&IE reimbursement is not to exceed 100% of the per diem rate for Paris

Day 4: Return flight from Paris to Los Angeles (last location of overnight stay is Paris)
M&IE reimbursement is not to exceed 75% of the per diem rate for Paris

Expense Substantiation Methods

Reimbursements may be for actual costs with receipts (Actual Costs Method) not exceeding the federal per diem limit, or for the federal per diem rate without receipts (Per Diem Substantiation Method) but only one method of reimbursement may be used for the entire trip. The Per Diem Substantiation Method is an acceptable

alternative to the Actual Costs Method and satisfies the IRS requirements of an accountable reimbursement plan. Both methods require that the date, time, place, amount and business purpose of the expense be noted.

1) Reimbursement Limits – Travel with Overnight Lodging

Meal expenses in excess of the federal per diem rate may be perceived as “lavish and extravagant”. Therefore to avoid any issue, reimbursement is capped at the federal destination per diem rate except for destinations with rates less than \$60 per day as discussed below. Meal allowance will not be provided when meals are provided by the host throughout the day. Complimentary breakfast provided by hotel does not constitute a meal. Alcoholic drinks are NOT reimbursable expenses.

Exception to the cap at the federal destination per diem rate is when the rate is less than \$60 per day in which case, the Traveler may request reimbursement for actual costs, not to exceed \$60 per day, with receipts. This provision does not allow the use of the per diem substantiation method and receipts are required. This is not considered to be an exception to the policy.

The meal allowance, which is for a full 24-hour day, will be prorated at 75 percent:

- On travel days regardless of departure and/or arrival times. For the purposes of the City Travel Policy, travel days refer to those days spent en route between the home/office and a destination city (i.e., the first and last day of a trip). M&IE is not prorated for days spend en route between destination cities.
- When a meal is provided as part of the conference (i.e., included in the registration fee).
- For travel under the “50-mile” rule exceptions with overnight lodging and pre-approval.

Certain exceptions to the proration can be requested by the Traveler such as:

- Unable to consume the furnished meals due to medical reasons (doctor’s note is not required) or religious beliefs. Whenever possible, Travelers with special meal requirements are encouraged to contact the host to obtain reasonable meal accommodation.
- Full M&IE rate is necessary because of long travel day(s). Traveler must provide receipts for all the days (i.e., the entire trip) for actual costs reimbursement up to the federal per diem rate for the destination, or up to \$60 per day for destinations with rates less than \$60. Reimbursement will be for the actual costs for each day but not to exceed the daily per diem rate (i.e., no cost in excess of the daily per

diem rate can be offset by another day claimed at less than the daily per diem rate). Traveler cannot use the per diem substantiation method for the entire trip.

Reason for the exception must be documented and approved by the Department Head for reimbursement and the exception should be noted on the GAETL and PES documents.

Traveler that stayed with a friend or family member overnight can be reimbursed for meals provided that the Traveler provides a signed statement as proof of overnight stay to be exempted from taxable income reporting to the IRS. Reimbursement for meals is subject to taxable income reporting without the signed statement.

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Summary of M&IE Reimbursements with Overnight Lodging

Selected Reimbursement Option (1,2 or 3) must be used for the entire trip ⁽¹⁾

Methodology	Receipts Required	Reimbursement Cap at Destination	Prorated Reimbursement Cap for Travel Day/Conference Provided Meal/"50-mile" Rule Exceptions	Exception: Full Reimbursement Cap for Travel Day/Conference Provided Meal ⁽²⁾
Option 1: Federal Per Diem	No	Reimburse at federal per diem amount for destination	75% proration of federal per diem amount	No exceptions allowed
Option 2: Actual costs capped at federal per diem	Yes	Reimburse actual costs <i>up to</i> federal per diem amount for destination	Reimburse actual costs <i>up to</i> 75% of federal per diem amount for destination	Reimburse actual costs <i>up to</i> full federal per diem amount for destination
Option 3: Actual costs capped at \$60/day	Yes	Reimburse actual costs <i>up to</i> \$60 per day	Reimburse actual costs <i>up to</i> \$45 per day	Reimburse actual costs <i>up to</i> \$60 per day

(1) Traveler must use actual costs reimbursement methodology if the trip's funding source requires actual receipts. Submittal of receipt for any single meal that costs more than \$25 in accordance with the LAAC does not preclude the Traveler from using the federal per diem reimbursement methodology.

(2) Exceptions for prorated travel days will be made for full days spent at destination and in transit. Exceptions for prorated meals will be made for conference meals that cannot accommodate medical or religious restrictions.

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2) Reimbursement Limits – Travel without Overnight Lodging (One-Day Travel)

Meals reimbursements for travel that is performed within one day and does not involve an overnight stay must be reported as taxable income in accordance with IRS regulations. Accordingly, reimbursements will be processed from FMS but Departments will also be required to report one day meal reimbursements to the Controller's Office at calendar year end for adjustment to W-2 in the Payroll System (e.g., PaySR). Instructions will be issued every December of the year on reporting One-Day Travel meals as taxable income.

The following apply for reimbursement:

- Travel destination has to meet the "50-mile" rule (see 1.8.6). If destination does not meet the "50-mile" rule, Traveler must justify the reason for meals reimbursement and obtain Department Head approval. *Reimbursements for destinations that do not meet the "50-mile" rule should be noted as exceptions on the GAETL and PES documents.*
- Reimbursement cannot exceed 75 percent of the federal per diem for the destination even if the destination per diem is less than \$60 per day.
- Meals will not be reimbursed when all meals are provided by the host throughout the day. Meal reimbursement cannot exceed 75 percent if one or two meals are provided as part of the conference/meeting.
- Receipts are not required unless any single meal exceeds \$25.
- Traveler must sign the "One-Day Travel Meals Reimbursement – Taxable Income Acknowledgement" form acknowledging that he/she has been informed that the reimbursement is taxable income, which will be reported to the IRS. The Acknowledgement form should be attached to FMS TEX document together with the PES.

Note: This provision cannot be used to reimburse meal expenses for off-site department, committee, board or commission meetings.

Gratuities for restaurant service (e.g., waiters) are included in the per diem rates (also see Section 1.8.20 for gratuity limits). The per diem rates also include incidental expenses as defined by the IRS such as fees and tips to porters, baggage carriers, hotel staff and staff on ships.

Transportation between places of lodging and places where meals are taken are no longer included in the definition of incidental expenses (IRS Bulletin 2013-44). If transportation is necessary to procure meals, transportation reimbursement will not

exceed \$5 per day with receipts and Department Head approval is required. *This should be noted as an exception on the GAETL and PES documents.*

Receipts are not required except when the cost for any single meal exceeds \$25 in accordance with LAAC or when Traveler is requesting reimbursement by the Actual Costs Method. Receipt requirement is also contingent on the funding source for the travel. If the funding source requires receipts, Traveler must submit receipts and will be reimbursed for actual costs but not to exceed the applicable federal per diem rate unless the funding source/grantor specifically authorizes in writing that a different policy shall apply.

1.8.14 Hosting While Traveling

In addition to the lodging and meals requirements, the LAAC requires that food and beverage expenses for persons other than City employees or elected officials be certified by the Department Head as expenditures for a public purpose and necessary for the conduct of City business. The LAAC also requires all City employees and elected officials to specify the name(s) and organization(s) of the person(s) hosted and the nature of the City business discussed.

The provisions for lodging and M&IE reimbursements also apply to persons hosted by City officials or employees. Alcoholic drinks are NOT reimbursable expenses. Consistent with federal guidelines, the LAAC provision on food and beverage is interpreted to exclude alcoholic drinks. Further, it is the responsibility of City employees to comply with the Personnel Department policy regarding consumption of alcoholic beverages while on duty.

1.8.15 Ground Transportation

The LAAC mandates that the least expensive and most practical form of public transportation shall be used, taking into consideration such factors as time, availability and personal safety or health. Whenever possible, Travelers should take advantage of free or courtesy shuttle services offered by airports and hotels to keep costs to a minimum. Receipt is required for reimbursement of ground transportation costs. Traveler may provide credit card receipt or statement but must specify the fare and tip amounts of the total charge for reimbursement. If a receipt is not available for **public transportation**, provide documentation of the fare (e.g., print the fare from the official website). Tips for driver of taxi and shuttle are reimbursed for up to 15 percent of the fare if reflected on the receipt. Tips in excess of 15 percent will not be reimbursed.

IRS Rule – Reimbursement without Receipt

If the ground transportation receipt does not include the tip amount, the Traveler will not be reimbursed for the tip since a reimbursement that exceeds the receipt amount may be deemed as taxable income, which creates an administrative burden for the City to track and report to the IRS.

See Section 1.8.13.B for guidance on transportation to and from restaurants.

1.8.16 Automobile Rental

Automobile rental expenses are allowable if traveling by car is less expensive or more appropriate for the efficient conduct of City business than by taxi, bus, or plane. A cost comparison, unless the destination is to a county adjacent to Los Angeles (see Section 1.8.12.C), should be provided as proof that automobile rental expenses (including incidental costs such as parking fees) are less expensive than train, bus, taxi or plane. If proof cannot be provided, the Traveler must provide a written justification pre-approved by the Department Head that clearly demonstrates the need for an automobile rental for the efficient conduct of City business. Travelers must fill the gas tank before returning a rental vehicle to avoid fuel surcharges. Receipts are required for reimbursement of rental car, gasoline, parking and toll expenses. If receipts for toll and/or parking meter expenses are not available, provide printouts from official websites. Fees for GPS are not reimbursable expenses. Parking tickets, traffic violations or other penalties for infractions of any law are also not reimbursable.

When traveling alone, mid-size or smaller car is the car type within policy. Travelers may upgrade to a car type other than mid-size or smaller under any of the conditions discussed below or for other reasons. *An upgrade is considered to be an exception to the policy; therefore, Travelers should document the specific reason for the upgrade and obtain approval.*

- Insufficient space for the number of City employees traveling together;
- Insufficient space to accommodate work-related equipment;
- Terrain of destination requires a type of vehicle;
- Medical necessity (i.e., driver with disability); or,
- Upgrade is at no extra cost.

Travelers are responsible for canceling rental car reservations if no longer necessary and documenting the cancelation in case of billing disputes.

Automobile Rental Insurance

In accordance with the City of Los Angeles Risk Management Procedure Manual, the City self-insures property losses and will neither authorize nor reimburse the cost of the Collision Damage Waiver. As a result, if an employee were to have an accident while traveling on City business, the car rental companies could demand immediate payment and could charge the amount of the loss to the employee's personal credit card to ensure payment. The employee would be reimbursed for the expense by the City upon his/her return. In addition, an employee's personal auto coverage would provide primary coverage if a rental vehicle is rented in the employee's own name and if the policy provides full coverage (including comprehensive and collision) that is specifically extended to rental cars. Therefore, employees will not be reimbursed for rental vehicle insurance for travel to a non-foreign country.

For foreign travel, employees should purchase that country's liability insurance (e.g., for Mexico, it is sold at the border) from a reliable source if the employee's own policy does not provide coverage. An employee should check with his or her insurance beforehand to determine if the employee has appropriate coverage. If coverage is not applicable, the employee should also ask their carrier to provide appropriate coverage and limits to purchase while on foreign travel. If the employee does not have such coverage, the employee will be reimbursed for the expense. Employees should document the advice provided by their carrier on the appropriate coverage and limits to purchase in case of questions regarding the expense amount.

1.8.17 Laundry Service

Under the LAAC, expenses for laundry service are allowable if the duration of the trip, traveling conditions or some other special circumstances dictate. As a reference, the federal guidelines require a minimum of four consecutive nights lodging on official travel to qualify for laundry service reimbursement. *Otherwise, explanation should be provided on the special circumstances requiring laundry service and reimbursement requires Department Head approval of the exception.*

1.8.18 Telephone Calls

Under the LAAC, the costs of City business telephone calls are fully reimbursable. One personal telephone call to the employee's immediate family in the locale of the residence of the employee is allowed if travel is in excess of three days. One such call is permitted

for each successive three days thereafter. For reference, a ten-minute telephone call is considered reasonable.

1.8.19 Internet Connection Services

If free internet connection service is not available to conduct City business, the cost is reimbursable with Department Head approval.

1.8.20 Gratuities

Under the LAAC, gratuities not exceeding 15 percent are allowable where reasonable and customary. Fees and tips given to waiters (up to 15 percent of the restaurant bill exclusive of taxes), porters (\$2 per bag), bell hops (\$1 to \$2 per bag), housekeeping (\$1 to \$2 per day), taxicab drivers (up to 15 percent of the fare) and other service personnel are considered customary. Note: Gratuities to porters, bell hops and housekeeping are included in the IRS definition of "incidental expenses" and are therefore included in the M&IE limit and not reimbursed separately.

Exception to exceeding the 15 percent is when there is a required gratuity and the amount is added on the bill by the service provider (e.g., gratuity added by a restaurant for a large party). In 2012, the IRS clarified the difference between a tip and service charge for tax purposes and ruled that automatic gratuities are service charges, rather than tips. However, a Traveler that chose to tip more than 15 percent of the restaurant bill will be reimbursed only for 15 percent.

1.8.21 Registration, Seminar or Meeting Fees

The LAAC allows the reimbursement of registration, seminar or meeting fees where required. Whenever time permits, registration fees should be paid directly to the conference sponsor.

1.8.22 Expenses Not Specifically Set Forth in the LAAC

Other expenses not specifically set forth in the LAAC that are incurred by an employee or an elected official are allowable where deemed necessary in the conduct of City business, provided that the reasons for such expenses have been reviewed and certified by the Department Head as reasonable and proper and incurred in pursuit of City

business. For example, costs of visa and/or passport are reimbursable when directly related to City travel and approved by Department Head. All reimbursements require receipts.

1.8.23 Non-reimbursable Travel Costs

Travel expenses that are not in compliance with City policy are the personal responsibility of the Traveler.

Under the LAAC, the City will also not reimburse expenses of a purely personal nature. The following are examples (not an all-inclusive list) of travel costs NOT reimbursable:

- Auto repairs, replacement or towage to personal vehicle when such use has been authorized
- Parking ticket
- Traffic ticket
- Travel insurance
- Personal telephone calls (unless in accordance with Section 1.8.18)
- Expenses for persons other than the employee, elected official or City approved Travelers who accompanies the Traveler (e.g., companion's transportation, lodging, and/or meals)
- Entertainment costs such as in-room movies or games
- Spa and personal grooming services
- Fuel expenses for personal and City vehicles.

Exception: Traveler can be reimbursed for fueling City vehicle if unable to obtain a temporary Voyager Card from the Department of General Services before the trip departure date and provides receipts. However, the Departments will have to provide justification and documentation of efforts to obtain the card before the trip date. This should be noted as exceptions to the Travel Policy on the GAETL and PES documents.

1.8.24 Interrupted and Indirect Travel

Where there is an interruption or deviation from the direct travel route, whether for the Traveler's personal leave or convenience, expenses allowable will not exceed those that would have been incurred for uninterrupted travel utilizing the usual route. Travelers who combine personal travel with business travel must identify and pay for the personal segment of the trip. The City will not reimburse a Traveler for expenses incurred when the Traveler chooses to extend time at the destination for personal reasons (e.g., the Traveler takes vacation or stays through the weekend). Traveler must provide a quote from the air travel service provider showing the cost of the roundtrip ticket for the most

economical and direct travel to/from the business destination for the dates of official business. This quote will be used for comparison and reimbursement purposes. Traveler must pay for the personal portion of the airfare expense. Hotel, car rental and parking expenses must also be prorated, and only the portion related to City travel will be reimbursed.

If a City employee becomes sick or injured during travel, his or her first responsibility is to seek competent medical attention. Even if the injury is not serious and treatment can wait until the completion of the trip, the employee, when able, must notify his or her Department Personnel Officer, who will then notify the City Workers' Compensation Section.

1.8.25 City Contractor Travel

Travel by a City contractor shall be governed by the provisions of the contract between the City and the contractor. In the absence of specific provisions in the contract, the City travel policies and procedures shall apply.

1.8.26 Non-City Employee Travel

Under certain circumstances, an individual who is not a City employee nor otherwise compensated by the City may need to travel on behalf of the City. For example, the City may request individuals from non-profit organizations to sit on interview panels to review request for proposals. All City policies and procedures on travel will apply to the non-City employee.

1.8.27 Personal Expense Statement and Documentation of Expenses

The LAAC requires that completed travel expense forms be forwarded to the Controller within 30 days of the conclusion of the trip. To adhere to the LAAC requirement, Departments should post the Personal Expense Statement (PES) in the FMS within 30 days. Form Gen. 16, Personal Expense Statement (PES) may be accessed and filled out interactively at <http://ctr.ci.la.ca.us/forms.htm>. All expenses claimed for reimbursement should be itemized on the PES. Note: payment transaction fees charged by Traveler's personal credit card providers and/or payment service providers are not reimbursable except for foreign transaction fees for City business related expenses (e.g., lodging, meals, transportation).

The Department Head shall certify that all expenditures were incurred in pursuit of City business. Falsification of such certification shall be grounds for appropriate disciplinary action and such other sanctions provided by law.

The LAAC further requires that receipts be provided for transportation costs, lodging, and for any single item of expenditure in excess of \$25. Internal Revenue Code 274 requires adequate records or sufficient evidence corroborating the Traveler's own statement to substantiate traveling expenses and in order to determine tax liability. Sufficient evidence must be presented as to the amount of travel expense, the time and place of the travel and the business purpose of the expense. Departments should certify expenses, and maintain copies of receipts for expenses regardless of amount when deemed necessary in these guidelines. For grant-funded and special-funded travel, it is the Traveler's responsibility to comply with the grant/special fund requirements relative to receipt documentation.

Note: Completed PES and receipts submitted, electronically or otherwise, become part of the City official travel records and the official property of the City. Therefore, Travelers are advised to black out/redact any personal information contained in any documents submitted. Departments are required to maintain original support documentation for five years.

Below are examples of acceptable documentation to be submitted with the completed PES.

Description of Expense and Acceptable Documentation

<i>Airfare</i>	Airfare receipt such as passenger ticket, invoice, itinerary, "e-ticket", confirmation notice or other documentation reflecting the dates of travel.
	Proof of payment such as credit card receipt or statement. For "e-ticket", a screen print of the confirmation notice indicating payment by credit card is acceptable.
<i>Ground Transportation</i>	Proof of fare and tip amounts is required either in the form of a receipt, credit card receipt or credit card statement. If a receipt is not available for public transportation , provide a printout from the official website on the fare amount.

<i>Laundry</i>	Itemized on hotel bill or provide separate receipt from serviced provider.
<i>Lodging</i>	<p>Hotel/motel invoice reflecting zero balance, or that the balance is subject to credit card payment. The invoice must provide a breakdown of daily expenses.</p> <p>When lodging rates for persons other than the Traveler are charged, single occupancy rate documented on hotel/motel letterhead must be provided.</p>
<i>Meals & Incidentals</i>	<p>In accordance with the LAAC Section 4.242.7, receipts for any single meal in excess of \$25 must be provided.</p> <p>Receipts are required for reimbursements under Actual Costs Method.</p> <p>Traveler must submit receipts if required by the trip's funding source (e.g., grant funds).</p> <p>Receipts for meals for other than the Traveler must include the guest(s) names and affiliated organizations and a statement of the event attended or sponsored and business discussed.</p>
<i>Personal Automobile</i>	<p>When used in-lieu of airfare, the number of miles at the current mileage rate is reflected under the PES Miscellaneous Expense column. The total costs may <i>not</i> exceed the lowest regular fare available for regularly scheduled airlines for the date and time of travel.</p> <p>The use of a personal automobile for travel may not be reimbursable in cases where the Traveler receives a car allowance or any type of vehicle subsidy from the City on a regular basis.</p>
<i>Registration</i>	Original or copy of the registration form, reflecting form of payment.

Telephone

Hotel invoice and on a separate attachment, *detailing* the name(s) of persons called, title(s), the affiliated department or business, and subjects discussed. Travelers are encouraged to consider the most economical option for telephone calls. In some cases, the use of pre-paid phone cards may be more economical than hotel or cellular phones.

Miscellaneous

Other miscellaneous expenses are reimbursable when they are actual and necessary in the conduct of City business. The expenses require *review* and *certification* by the Department Head as reasonable and proper and incurred in pursuit of City business. Details of the charges must be included in the completed PES and receipts attached.

1.8.28 FMS Travel Expenditure (TEX) Document

To process the reimbursement of travel expenditures under FMS, a TEX document is required. The TEX document must be submitted together with the completed PES.

1.8.29 Foreign Currency

The PES must indicate values in US dollars (USD). It is the Traveler's responsibility to convert any foreign currency charges to USD. Supporting documentation for the foreign currency conversion should be attached to the PES. The conversion date must coincide with the date of the original receipt. Acceptable documentation includes:

- Credit card statement showing conversion of foreign-denominated expenses to USD
- Internet conversion of charges
- Foreign exchange receipts from money exchanges or banks showing foreign currency conversion rates

1.8.30 Travel Advances

The LAAC authorizes the Controller to advance the amount of funds for travel purposes upon certification by the Department Head that they will be incurred for City business. Because processing travel advances is labor intensive and may result in overpayments, departments can reduce the need for an advance by booking flights with TravelStore when feasible, paying registration fee directly, and processing reimbursements in a timely manner.

Employees may request a travel advance for approved travel when the estimated expenses, excluding airfare costs and other expenses are at least \$500. Department Heads may approve travel advances for lesser amounts, if necessary. Travel advance requests must be forwarded to the Controller's Office for processing. Travel advances are generally for lodging, meals and incidentals and the advanced amount is 90 percent of the estimate. Travel advances will not be issued if request is only for the cost of One-Day Travel meals. Advances at 90 percent minimize instances of overpayment to Travelers. Collection of overpayments creates additional work for the City and when overpayments are not returned by the Traveler, the City must report to the IRS as taxable income to the Traveler.

Requests for travel advance must be submitted at least ten (10) business days in advance of the beginning of the planned expenditure of funds and such request shall include the following information:

- GAETL number
- name of Traveler
- traveling period covered
- destination
- purpose of the trip
- nature of the City business to be conducted on the trip
- proposed total estimated expenditure
- a statement certifying that the Traveler has no outstanding cash advance.

As a matter of policy, the Controller will not accept travel advance requests more than thirty (30) calendar days prior to commencement of travel. The travel advance will be released to the Traveler no more than one week prior to travel except where advance deposits and registration fees are required. Advance travel checks are released by the Controller Paymaster Section on "Will-Call" basis only.

Travel advances must be resolved through the submission of a completed PES within 30 days after the conclusion of the trip. *A travel advance is considered delinquent if not resolved within 30 days after the conclusion of travel.* Travelers with a delinquent travel advance cannot receive another travel advance until the prior travel advance is resolved. Departments should notify and remind Travelers in writing to resolve outstanding advances until the advance is over 120 days old. However, ultimately, it is the Traveler's responsibility to remember to resolve travel advances regardless if he/she received reminders.

The Controller's Office will report all delinquent travel advances over 120 calendar days old as employee income as required by the IRS. Outstanding travel advances not accounted for within 120 calendar days will be included as part of the employee's wages on the first payroll period of the subsequent calendar quarter following the end of 120 calendar days. This amount will be subject to income and employment taxes for the period per IRS Publication 463. When the unresolved travel advance amount is reported in an employee's Wage and Tax Statement will depend on when the 120 days expires:

- Before last pay day of the calendar year – on Form W-2
- Between last pay day of the calendar year to March 31 of the following year – on Corrected Form W-2
- After March 31 of the following year – on Form W-2c


For non-City employees, IRS Form 1099-Misc will be issued per IRS Federal, State, Local Government Taxable Fringe Benefit Guide.

Refund of Travel Advances

Travelers may need to return money to the City after completion of travel due to excess travel advance or disallowed travel expenses. Refund checks or money orders must be made payable to the City of Los Angeles. Departments are responsible for depositing any refund check immediately upon receipt by submitting a cash receipt (CR) together with the refund check to the Office of Finance. The Traveler should attach a copy of the CR with the Office of Finance stamp (or other receipt verification) to the completed PES. Questions regarding the preparation and submission of CR documents should be directed to the Office of the Finance.

1.8.31 Related Resources

Travel forms and additional information and materials regarding travel are available on the Controller website under Guides to Departments at



<http://ctr.ci.la.ca.us/guidestodepts.htm>. Questions regarding “Will-Call policies and procedures should be directed to the Paymaster Section (see Controller Directory in Cityfone). Questions regarding this Policy should be directed to the Controller’s Demand Audit Section.