

Responsibilities and Best Practices for TAC Holders as stated in the Travel Policies dated May 1, 2009

Responsibilities of the Transaction Authorization Card (TAC) Holder as defined in Policy 2351

The TAC holder assists the travelers and entertainers, as well as their higher level approver, with understanding and complying with the process outlined below and ensures that all documentation requirements have been met prior to submission of reimbursement requests to the central processing organization.

The Transaction Authorization Card (TAC) holder:

- must have authorization over the account being charged,
- can only approve those requests within their limit,
- verifies that higher level approval has been obtained
- reviews documentation to further ensure compliance with all policies and tax requirements
- ensures the costs are charged to the proper 26 digit account code,
- ensures that reimbursement requests are not submitted to the central processing organization until all requirements are met.

The TAC Holder must emboss and sign all reimbursement requests, regardless of the amount.

Best Practices for TAC Holders

Travel is an essential part of meeting the University's objectives and represents a business expense that must be managed to meet operational needs and various compliance requirements. Travel and Entertainment expenses requested for reimbursement must be in support of University business, be reasonable, and be in accordance with established University policies and procedures. TAC Holders are expected to be familiar with University policies and procedures and ensure compliance to those policies. TAC Holders should work with and support Higher Level Approvers.

Additionally it is important that these policies are consistently applied to all travelers. Expenditures should be sufficiently organized, documented, reviewed, and approved to ensure the traveler is being reimbursed in a timely and accurate basis. Compliance requirements include University policies and procedures (see the University of Pennsylvania Financial Policy Manual at <http://www.finance.upenn.edu/vpfinance/fpm/>), IRS accountable plan rules regarding documentation of expenses, timeliness of submission, and handling of advances, as well as specific requirements related to sponsored project funded travel.

Listed below are recommended "Best Practices" with regard to the review of T&E Reimbursement (C-1/C-1A) forms for faculty, staff, students and non-employees prior to submission for processing by the Individual Disbursement Services office. The following best practices have been developed to help ensure compliance and consistent application of University policies and procedures, and completeness of documentation prior to submitting to central processing:

1. **Timely Submission of Expenses.** Ensure that travelers submit their expenses in a timely and accurate manner. Best practices recommend within ten (10) days of the ending date of the trip or event. Expenses which are submitted after 182 days (six months) do not qualify as timely submitted expenses for reimbursement under IRS accountable plan rules. Extenuating circumstances which prevent submission within the

6 month period are expected to be rare. Circumstances that may justify an exception include:

- Extended personal illness
- Death in the family
- Unanticipated extended leave of absence
- Travel outside the country for an extended period of time if documentation can not be readily sent to Penn

Extenuating (or unusual) circumstances must be provided in writing on a Reimbursement Justification form and approved by the head of the school or center (or their designated representative). Expenses reimbursed after 182 days will be subject to income tax for the requestor.

2. **Business Purpose of Trip or Event.** Determine whether sufficient explanations of the business purpose of expenses has been provided and supported by the available documentation. These explanations must be sufficiently descriptive to pass IRS scrutiny. Explanations such as “University Business” or “Business Meal” are not sufficient. Appropriate supporting documentation for business purpose includes, but is not limited to, conference registrations, meeting agendas, invitations, etc.
3. **Supporting Documentation.** Ensure that documentation is provided for all expenses \$25 or more to support the nature and reasonableness of each expense:
 - a. Original detailed receipts showing the expense, date, name of merchant, amount of charge, transaction details, form of payment used and indicate that payment has been made.
 - b. Itemized meal receipts (any meal over \$25) and credit cards receipts (if applicable)
 - c. Foreign currency conversions with credit card statements or currency conversion page printouts from Oanda.com.
 - d. If original receipts are not available, ensure that a Reimbursement Justification form has been completed by the traveler along with any secondary documentation such as credit card statements, boarding passes, etc.
Note: Black out any personal information or credit card numbers from credit card statements prior to submission.
4. **Per Diems.** Review the form to ensure that, if the per diem method is claimed, it is used for the entire trip and that appropriate rates have been charged based upon the date and destination. *Note: Domestic per diems have a lower first and last day.*
<http://www.finance.upenn.edu/vpfinance/fpm/2350/2367.asp>
5. **Business Meals.** It is the responsibility of the TAC holder to ensure that a completed Entertainment and Business Meal Worksheet (C-1A) has been attached listing the date of the business meal or function, location, person or persons entertained and their affiliation, business purpose and amount. It is also the responsibility of the TAC holder to ensure that any alcoholic beverages are charged to the correct object code, 5214, since alcohol is an unallowable expense for indirect cost allocations. <http://www.finance.upenn.edu/vpfinance/fpm/2350/2361.asp>
6. **Review T&E Reimbursement forms to ensure that:**
 - e. C-1 form is signed by the Payee submitting the request.
 - f. The C-1 form includes your embossment, signature and the correct account codes.
 - g. The appropriate higher level approver has signed the C-1, when required, after reviewing the business purpose of the trip or event and has signed any corresponding Justification forms.

- h. The Payee designation at the top of the form has been selected and, when reimbursing a student, non-employee or non-resident alien, all the necessary documentation requirements have been met.
- i. An adequate business purpose has been provided on the form and/or the C-1A business meal worksheet.
- j. Travel Expenses are completed and mathematically correct. Expenses over \$25 are supported with original receipts. Original receipts for meals are itemized. Currency conversions have been determined using credit card statements or Oanda.com.
- k. Any advance connected with this trip or event has been reconciled and prepaid expenses or expenses already reimbursed are not included in the request.
- l. Expenses are allocated to the appropriate travel object codes
<http://www.finance.upenn.edu/vpfinance/fpm/2350/2370.asp>

7. **Areas that require additional attention.** The areas listed below have tax consequences and warrant further review.

- m. **Spousal/Dependent Expenses.** If spousal/dependent expenses are claimed, review the explanation and documentation to determine if a sufficient business purpose for the travel has been established. Under IRS regulations, the reimbursement of spousal travel expenses is taxable unless it can be established that his or her presence serves a bona fide business purpose.
- n. **Gift Policy.** Gifts such as gift certificate cards, no matter what the amount, are considered taxable income. Other gifts may be considered non-taxable de minimus fringe benefits depending upon the amount and the business purpose of the gift. (Check the Financial Policy Manual for details)
http://www.finance.upenn.edu/comptroller/tax/gift_policy.shtml
- o. **Moving/Relocation Expenses.** Penn strongly recommends that all schools and centers work with Whalen's Allied when relocating a new faculty or staff member. Refer to these two web sites, for additional information and guidelines.
 - i. Click here for Relocation Services
 - ii. Click here for the Moving / Relocation Policy.
<http://www.finance.upenn.edu/vpfinance/fpm/2350/2369.asp>
- p. **Reimbursement of travel related expenses to non resident aliens.** Payments unless covered under accountable plan rules to non-resident aliens for travel related expenses are generally subject to 30% federal income tax withholding in accordance with Internal Revenue Service (IRS) regulations. Such payments may be exempt from withholdings if a tax treaty exists with the country of citizenship of the non-resident alien. Attach the necessary documentation such as Foreign National Information form, copy of the passport, visa and I-94 card for review by the central processing organization when submitting a reimbursement for payment.

8. **Sponsored Projects.** Domestic and foreign travel charged to a sponsored project should follow the guidelines set forth in the travel policy manual unless the funding agency and/or the award / contract impose greater restrictions. Refer to University Policy 2368 for guidance on travel charged to sponsored projects. See also the NIH Policy for foreign travel on NIH grants for specifics regarding the Fly America Act.
<http://www.finance.upenn.edu/vpfinance/fpm/2350/2368.asp>

9. **Advances.** Track whether advances were made to the person submitting the reimbursement and ensure that all advances are appropriately reconciled/ netted from reimbursement requests.

10. **Prepayments.** Review the T&E forms to ensure that any expenses reimbursed previously or paid directly on behalf of the traveler are not included in the total amount of the reimbursement.