

# POLICY



# MEMORANDUM

SUBJECT: Rules, Regulations and Procedures Governing the Payment and Accounting for Travel Advances	REVISION NO.: 6 POLICY NO.: 1
ISSUED BY: Office of Planning and Budget	

## 1. Legislative Authority

O.C.G.A. 45-7-25 and 45-7-26 authorizes the payment of travel advances to employees of all State agencies, and charges the Director of the Office of Planning and Budget (OPB) with the following responsibilities.

"The Director of the Office of Planning and Budget shall develop the necessary rules, regulations, and procedures to govern the advance of State funds to employees prior to travel in the conduct of official State business, and to provide for proper accounting of the State funds advanced to such employees on a timely basis following such employees return from travel status."

Accordingly, regulations have been developed which cover the payment and accounting for travel advances, as well as related matters.

O.C.G.A 50-5B-5 authorizes and charges the State Accounting Officer, in cooperation with the Office of Planning & Budgeting, to adopt rules and regulations governing in-state and out-of-state travel and travel reimbursement. Policies and procedures related to reporting travel expenses and reconciling expenses with travel advances are provided for in the *State Accounting Office – Statewide Accounting Policy & Procedure – Statewide Travel Policy*.

In general, applicable decisions, procedures and forms not addressed in these two Policies shall be made and documented by each agency.

## 2. Definitions

- a. Agency: Any department, authority, board, commission, or other organizational unit of government that is subject to this Policy.
- b. Continuous Travel Status: Employee is required to be away from his/her Residence and Primary Work Station for four or more days per week.

- c. TeamWorks Travel and Expense (TTE) System: The on-line travel and expense reporting system administered through the State Accounting Office.
- d. Travel Advance: Any payment to an employee for travel expenses made prior to the time that expenses will be incurred for a scheduled, future trip.

### 3. Internal Revenue Service Requirements

In order for travel advances and reimbursements of travel expenses to be excluded from a traveler's taxable income, the State's travel policies must meet the Internal Revenue Service (IRS) requirements for an "Accountable Plan". In general, this *OPB Policy Memorandum No. 1 (Revision No. 5)*, and the *State Accounting Office - Statewide Travel Policy* have been developed with the IRS Regulations as their primary payment framework. Accordingly:

- Advances and reimbursements must be reasonable in amount, must be made for travel only, must be in line with actual costs incurred and must be within Policy limitations. Expenses that do not comply with Policy guidelines will be the obligation of the individual that incurred the expense.
- State policy requires that travelers submit expenses, substantiating the amount, date, use and business purpose of expenses, ideally within 10 days, but **no later than 45 calendar days** after completion of the trip or event.

Expenses submitted in excess of 60 calendar days may not be reimbursed. Expenses submitted more than 60 calendar days after completion of the trip or event, if reimbursed, should be included in the traveler's IRS Form W-2 as taxable income.

- State policy requires that travel expenses associated with advances must be reconciled and substantiated (submitted) as soon as possible, but **no later than 45 calendar days** after completion of the trip or event. Any portion of an advance that was not used must be returned to the State, via check, within this same timeframe.

Travel expenses, associated with an advance, which are substantiated (submitted) more than 60 days after the conclusion of the travel or event should be included in the traveler's IRS Form W-2 as taxable income.

- Advance amounts in excess of substantiated travel expenses that are not returned to the State within 120 days after the trip should also be included in the traveler's IRS Form W-2 as taxable income.

#### **4. Travel Advances – Purpose and Intent**

The purpose of travel advances is to minimize the financial burden on employees while traveling on behalf of the State. This objective can be accomplished either by the issuance of corporate charge cards or by providing cash advances to traveling employees. State agencies should carefully consider the need to issue cash advances. Travel advances are limited and available only to an employee whose current annual salary is \$50,000.00 or less when traveling within the United States. Travel advances are available to an employee, regardless of salary level, for international travel.

For travelers using the TTE system, major expenses, such as airfare, are paid directly by the State via Georgia Travel and Expense System Accounts (GTESA) established within the TeamWorks Travel & Expense (TTE) system. Thus, travel advances are allowed only for eligible expenses which are not company-paid.

For eligible employees not using the TTE system, travel advances are allowed for expenses within the State guidelines and regulations provided for, as discussed in Section 1.

Corporate charge cards are also generally available to employees, in lieu of issuing travel advances.

#### **5. Corporate Charge Cards**

Corporate charge cards are available for issuance to eligible employees upon approval by the employee's agency head, or designee, and the company issuing the corporate charge card. The benefits of using corporate charge cards include the following:

- a. Improves the employee's and the agency's cash flow by reducing or eliminating the need for travel advances;
- b. Reduces the frequency of reimbursements for travel expenses;
- c. Requires no annual membership fee or finance charges if paid within the terms of the agreement;
- d. May eliminate the need for the agency to direct pay certain travel expenses;
- e. Provides guarantee for hotel room and other services requiring a deposit; and
- f. Provides to the agency various financial reports summarized by individual employee and agency total.

Because the corporate charge card is issued directly to the employee, there is no liability to the State or the agency, even if the employee defaults.

## **6. Authority to Advance Cash For Travel**

The head of each agency, or designee, is authorized to advance State funds to employees for travel purposes in the conduct of State business within the guidelines provided in this *Policy Memorandum*. The travel purposes for which funds may be advanced include anticipated subsistence, as well as mileage and other transportation costs which are allowable as reimbursable travel expenses under guidelines issued by the State Accounting Office and OPB. Travel advances are not required by State law or by these regulations, but are left to the discretion of each agency head.

## **7. Travel Advance Request**

TTE users should make requests for travel advances via the TTE system. For details on how to request and route a travel advance for approval, refer to the State Accounting Office website – Travel tab - *TTE System User Reference Guide*.

Non-TTE users should use the process established by their agency for requesting and issuing advances.

## **8. Timing and Amount of Cash Advances**

Eligible employees may request an advance before an official business trip to cover expenses which will be ultimately reimbursed by the State. A travel advance request should be submitted via the TTE system **no more than 30 business days and no less than 5 business days prior to travel**. Any request made less than 5 business days prior to travel should be submitted outside of the TTE system to ensure timely receipt.

Because the Statewide Travel Policy has been developed in accordance with Internal Revenue Service (IRS) requirements for an “Accountable Plan”, per IRS Rule 1.62-2(g)(2), an advance should be provided to the employee no more than 30 days prior to travel.

The amount of a cash advance shall be determined by policies to be set by each agency according to the nature and probable duration of the travel. It is strongly recommended that a travel advance should not be made for less than \$100. The requested amount shall be related to the estimated cost of required travel but shall be held to a minimum and allowed only when an advance is warranted in the judgment of the agency head.

**9. Approval of Travel Advances and Pre-Estimate of Travel Expenses**

Specific authorization for each cash advance shall be given by the employee's immediate supervisor or higher administrative authority. Justification for a travel advance must include an estimate of all expected costs. The *Statewide Travel Policy* promulgated by the State Accounting Office provides specific guidance regarding authorized travel expenses. An understanding of such expenses should be considered when approving travel advances.

For TTE users, details on how to request and route a travel advance for approval, refer to the State Accounting Office website – Travel tab - *TTE System User Reference Guide*.

**10. Accounting for Cash Advances**

Outstanding funds advanced for travel shall be accounted for as "accounts receivables" on departmental balance sheets. Either account code – 125003 (accounts receivable – travel advances – continuous), or account 125004 (accounts receivable – travel advances – one trip) should be used, as appropriate. A subsidiary ledger account shall be maintained for each employee who receives a cash advance. These subsidiary accounts shall be periodically adjusted for all travel vouchers and reimbursements.

**11. Accountability and Responsibility for Funds Advanced**

An employee who receives payroll via ACH (direct deposit) will also typically receive a travel advance via ACH (direct deposit) in the bank account indicated within the employee's payroll system. Any employee who receives a travel advance in the form of a *check* shall acknowledge the receipt of the funds in writing, evidenced by signature and date.

All employees are fully responsible for funds advanced to them and shall account for those funds in the manner specified by the *Statewide Travel Policy* guidelines promulgated by the State Accounting Office. The liability of the employee extends to travel advance funds which are lost or stolen. Neither State Law nor these regulations, however, in any way relieve the agency head from the responsibility of accounting for all funds expended for travel purposes.

## 12. Travel Advance and Expense Reconciliation

Travel expenses and advances must be reconciled and submitted as soon as possible, but **no later than 45 calendar days** after the completion of the trip or event, “matching” the expenses to the approved advance. Refer to the *Statewide Travel Policy*, issued by the State Accounting Office, for further guidance and details.

- a. When the actual travel expenditures exceed the amount of the cash advance, the employee shall be reimbursed for the amount of the excess.
- b. When the actual travel expenditures are less than the amount of the cash advance, the employee shall reimburse the agency for the difference. This reimbursement shall be made at the same time that the travel expenses are substantiated and submitted, by check.

TTE users refer to the State Accounting Office website – Travel tab - *TTE System User Reference Guide*, for details on how to reconcile a travel advance with travel expenses within the TTE system.

- Advances that remain open and unreconciled more than 120 days after the date of travel should be included in the employee’s IRS Form W-2 as taxable income.
- In cases where a planned trip or event is canceled or indefinitely postponed, any advances must be reconciled and the funds returned, via check, within two business days from such notice of cancellation or postponement. Failure to do so will result in the advance amount being deducted from the employee’s next available paycheck. In addition, the employee may be subject to disciplinary action.
- Employees who require payroll earnings adjustments for un-reconciled Travel Advances to collect amounts due the State are not eligible for advances in the future.
- In general, a traveler should have only one travel advance outstanding at a time. However, in certain business cases (such as having multiple advances issued for the same trip, or for accommodating continuous business travel), it may be necessary to have more than one outstanding advance. (See Section 13, below, for further guidance regarding Continuous Business Travel.)
- Upon termination of employment, all employees must promptly account for and return any outstanding advances; otherwise, open advances will be deducted from the employee’s final paycheck or annual leave payout. Each agency head shall take steps to provide for a checkout procedure within their agency to ensure that terminating employees do not have outstanding cash advances and/or outstanding travel expenses. In any event, travel expenses submitted more than 45 days after the last day of employment will not be reimbursed.

**NOTE:** Should any terminated employee granted a cash advance fail to file for travel expense reconciliation or reimbursement as provided by these regulations, State Law provides that the agency head shall file a certification of the amount of the advance with the Office of Planning and Budget. This amount shall then become a lien against any and all funds due the employee from the State, **or** the Employees' Retirement System of Georgia or the Teachers' Retirement System of Georgia. It shall be the agency's responsibility to recover the amount of any cash advances for which no accounting has been made, either from funds owed the employee by the agency, **or** by notifying the appropriate retirement system of the amount due. In the latter case, the retirement system must remit all funds due the employee, up to the amount specified, within 30 days of notification. If the cash advance is not recoverable from the employee or from funds held by the State on behalf of the employee, the agency head shall be responsible for seeing that the amount of the advance is repaid to the State.

### **13. Recovery of Cash Advances for Continuous Travel**

In cases where an employee is in a continuous travel status and has been given a blanket routine travel authorization, the employee may require two travel advances to be open at one time – one for the current pay period, and one for the prior pay period which is currently being reconciled. Both the employee and agency head shall be responsible for insuring that any single cash advance does not exceed the expected travel expenses for one pay period.

Travel expenses incurred during each pay period shall be reported and submitted at the end of the period, i.e., reconciled to the applicable travel advance for that period. Any reimbursement of funds due to the employee for expenses in excess of an advanced amount must not increase the outstanding cash advance above the total authorized amount.

Full recovery of such cash advances is not required until the employee is removed from continuous travel status. (NOTE: IRS requirements do apply, however, regarding time limitations and income reporting.)

### **14. Effective Date**

These revised rules, regulations and procedures shall become effective on December 1, 1989, and may be updated and revised from time to time as necessary for the effective administration of the State Law authorizing travel advances.

This policy was reviewed and revised by the Office of Planning and Budget, September 2006.

Rules, Regulations and Procedures Governing the Payment and Accounting for Travel Advances

This policy was reviewed and revised by the Office of Planning and Budget, February 2013. An eligibility criterion for receiving a travel advance was added to the policy.

This policy was reviewed and revised by the Office of Planning and Budget, May 2013. This Policy was updated to address various policy issues and to accommodate implementation of TeamWorks Travel & Expense system, administered by the State Accounting Office, and to clarify relevant travel advance guidance within SAO's Statewide Travel Policy.

This policy was reviewed and revised by the Office of Planning and Budget, January 2014. An eligibility criterion for receiving an advance for international travel was modified.