

# Chapter 10 - Travel

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## **10.80 Travel Expense Claims, Payments, Reimbursements and Advances**

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## **10.80 Travel Expense Claims, Payments, Reimbursements and Advances**

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### **10.80.10 What is the purpose of the Travel Expense Voucher?**

The Travel Expense Voucher is used to:

- Document the authorization and cost of travel within the state of Maine.
- Document the authorization and cost of travel out-of-state.
- Document the approval of travel related expenses for all travel.

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### **10.80.20 What are the traveler's responsibilities in completing the Travel Expense Voucher?**

The traveler has the following responsibilities for completing the Travel Expense Voucher and certifying travel expenses:

1. Prepare the Travel Expense Voucher, providing the level of detail requested on the form.
2. In the "PURPOSE OF TRIP" column, describe the purpose or accomplishments of the trip in enough detail to document that the travel was essential to carry out the necessary work of the agency.
3. For manually prepared vouchers, attach original receipts and documentation required by agency policy and this chapter. (Refer to Subsection 10.80.40)
4. Submit the travel voucher to the person authorized to approve travel in accordance with agency policy and the requirements of this section.

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### **10.80.30 What are the agency responsibilities in reviewing and paying the Travel Expense Voucher costs?**

10.80.30.a **Agency Head or Designee**  
Reviews and approves the voucher.

10.80.30.b **Agency Fiscal Office**  
Process the payment to the employee no later than ten (10) work days after receipt of the **properly completed** Travel Expense Voucher.

- 10.80.30.c      **Agency’s Chief Fiscal Officer Must Sign for Travel of Agency Head**  
An agency head is to be reimbursed for travel expenditures only after the agency head and the agency’s chief fiscal officer have personally signed the agency head's Travel Expense Voucher certifying that the agency head's travel is in compliance with state travel policy. The chief fiscal officer's immediate assistant may sign the voucher in place of the chief fiscal officer in those emergency situations when the chief fiscal officer is not available. The chief fiscal officer's signature does not relieve any responsibility from the agency head for compliance with policy requirements relating to travel reimbursement.

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**10.80.40      Receipts and documentation required in support of Travel Expense Vouchers**

- 10.80.40.a      Original receipts for the following items are required to accompany the Travel Expense Voucher.

1. Lodging at a commercial facility.  
Allowable miscellaneous expenditures (Refer to Section 10.60) for amounts in excess of \$5.00, per item per day, plus any applicable tax.

2. Meal receipts when required.

- 10.80.40.b      The following documentation should be completed on the Travel Expense Voucher where applicable:

1. When lodging or meals are being reimbursed, the exact time, including **A.M. or P.M.** designation of departure and return.

2. When two or more travelers are traveling together in one motor vehicle, each traveler is to indicate this fact by identifying, on the expense voucher, the person(s) accompanying the traveler and the travel destination of each.

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**10.80.50      Miscellaneous supplies exceeding \$50 should not be included on the Travel Expense Voucher**

The expense voucher is not to include expenses for supplies exceeding \$50, plus applicable tax. Such items are to be purchased in accordance with prescribed state purchasing requirements and taken along on the trip.

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## **10.80.55 Paying vendors directly for travel costs**

Written approval of the agency head or authorized designee must be obtained prior to authorizing direct billing of the traveler's meal and lodging expenses to the agency and direct payment to the vendor by the agency.

Any payments made in accordance with this subsection are to be supported, at a minimum, by documents consisting of:

- A copy of the agreement (e.g., a purchase order, etc.) entered into between the vendor and the agency setting forth the services to be rendered by the vendor and the charges thereof;
- A list of the state officials, state employees, and other attendees for whom such goods and services were provided and the dates they were provided, and
- A vendor billing in sufficient detail to ensure that payments are made in conformance with the written agreement between the parties.

Payments to vendors for travel expenses are not to result in a cost to the state in excess of what would be payable by way of reimbursement to the individuals involved.

Each agency is required to institute procedures which will ensure that any payments made under this subsection are reasonable, accurate, and necessary for the conduct of the agency's business.

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## **10.80.60 Travel Expense Advances**

### **10.80.60.a Purpose**

An agency may make a travel expense advance to defray some costs the traveler may incur while traveling on official state business away from the official headquarters or residence.

10.80.60.b

Limitations and requirements:

1. The advance is to cover a period not to exceed 90 days.
2. The traveler receives the advance no more than 10 days before the start of travel.
3. The officer or employee must expend the travel advance only to defray necessary reimbursable costs while performing official duties.
4. No travel advance shall be considered for any purpose as a loan to an officer or employee, and any unauthorized disbursement of a travel advance is to be considered as a misappropriation of state monies by the officer or employee.
5. Agencies are to establish written policies prescribing a reasonable amount for which such advances may be written.

10.80.60.c

#### **How to Obtain Travel Expense Advances**

The traveler is to submit a Travel Advance Request form to the supervisor. The supervisor is to review and approve the proposed travel, and forward the Travel Advance Request form to the agency head or designee. Upon approval of the advance, the agency fiscal office is to process the document for payment and present the traveler with a check or warrant.

10.80.60.d

#### **Submitting and Accounting for Travel Advances**

- The traveler shall submit a fully itemized Travel Expense Voucher on or before the 15<sup>th</sup> day following the date in which a traveler has returned. The traveler must fully justify the expenditure of any portion of the advance for legally reimbursable items on behalf of the state.
- The traveler shall return any portion of the travel advance not expended to the agency at the close of the authorized travel period. The traveler is to submit the payment with a properly completed Travel Expense Voucher and may make the payment by check, or similar instrument, payable to the agency.
- If the travel advance is less than or equal to the travel expenses incurred, the traveler is to submit a properly completed Travel Expense Voucher on or before the tenth day following the authorized travel period ended. The expense voucher is to contain an itemization of expenditures and is to indicate the net amount, if any, due the traveler. The agency is to process the expense voucher in accordance with Subsection 10.80.30 and reimburse the traveler for any additional amount due.

10.80.60.e

### **Default on Repayment of the Advance by the Traveler**

- When a traveler defaults in accounting for or repaying an advance, the full unpaid amount shall become immediately due and payable.
- To protect the state from any losses on account of travel advances made, the state has a prior lien against and shall withhold any and all amounts payable or to become payable by the state to such officer or employee up to the amount of such travel advance and interest at a rate of ten percent per annum, until such time as repayment or justification has been made.
- The State of Maine has the right to recover any unused portion and not returned travel advance through payroll deduction.

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10.80.70

### **Internal Revenue Service regulations affecting travel expenses and travel advances**

10.80.70.a

According to the federal Internal Revenue Service (IRS), travel expense reimbursements and travel advances, treated as paid under an accountable plan, are excluded from an employee's gross income, are exempt from withholding and payment of employment taxes, and are not reported as wages on the employee's Form W-2. The IRS requires travelers to substantiate their travel expenses and to return to their employer any unspent portions of a related travel advance within a reasonable time period. If the traveler does not substantiate the travel expenses or does not return any unspent portion of a travel advance within a reasonable time period, the traveler's employer is required to report the amount of the travel advance as income in Box 1 of Form W-2. This payment is subject to applicable payroll withholding taxes.

10.80.70.b

**Travel expense reimbursements.** Consistent with the IRS rules for accountable plans, Maine's expense reimbursement arrangement requires employees to meet all three of the following rules:

1. Employee expenses must have a business connection. This means they must be deductible under the rules for qualifying work-related expenses.
2. Employees must substantiate their expenses within a reasonable period of time.
3. Employees must return any advance in excess of the substantiated expenses within a reasonable period of time.

When all three of these requirements are met, we do not include any reimbursement income on employees' Form W-2.

10.80.70.c

For purposes of state travel regulations, if a traveler substantiates their expenses on a state Travel Expense Voucher on or before the last day of the month following the month in which the expense was incurred, the traveler will have met the reasonable time period requirement (e.g., all January travel submitted on or before the last day of February). When this occurs, the expenses the traveler incurred will not be considered income.

“Substantiated” means the Travel Expense Voucher has been properly completed and submitted.

“Properly completed” means the Travel Expense Voucher has been signed by the employee and his/her supervisor, the amount due has been correctly calculated and all required supporting documentation is attached.

“Submitted” means the Travel Expense Voucher has been received by the agency accounting staff or financial service center accounting staff for review and processing.

10.80.70.d

**Travel advances.** If a traveler returns to the employer any unspent portion of a travel advance within 120 days after incurring a travel expense related to the travel advance (calculated from the last day of travel), the traveler will have met the reasonable time period requirement. When this occurs, the unspent portion of the travel advance will not be considered income.

This does not supersede the requirement that the traveler shall submit a fully itemized Travel Expense Voucher on or before the 15th day following the date in which a traveler has returned (SAAM Section 10.80.60.d). The State of Maine has the right to recover any unused portion and not returned travel advance (i.e., any advance in excess of the substantiated expenses) through payroll deduction and deny any future request for travel advance.

10.80.70.e

When a traveler fails to meet either of the timeliness criteria stated in item b above, the agency is required to consider the unsubstantiated travel expense and/or the unspent portion of the travel advance as paid under a non-accountable plan, to be included in the employee's gross income for the taxable year, and reported as wages or other compensation on the employee's Form W-2.

In order to facilitate proper reporting, the Office of the State Controller (OSC) has established four W-2 reportable object codes:

**4251 W-2 Reportable In-State Travel Mileage**

This object code should be used when reimbursing an employee for W-2 reportable in-state travel mileage expenses.

**4351 W-2 Reportable Out-of-State Mileage**

This object code should be used when reimbursing an employee for W-2 reportable out-of-state mileage expenses.

**4250 W-2 Reportable In-State Travel**

This object code should be used when reimbursing an employee for in-state travel if the employee does not substantiate the travel expenses or does not return any unspent portion of a travel advance within the required time period.

**4350 W-2 Reportable Out-of-State Travel**

This object code should be used when reimbursing an employee for out-of-state travel if the employee does not substantiate the travel expenses or does not return any unspent portion of a travel advance within the required time period.