SUMMARY STATEMENT  
(Amendment to DRPA 10-061 and 10-139)

ITEM NO.: DRPA-10-061/139  
SUBJECT: Travel Expenditures Amendments to Authority Policy and Procedure, Series #400

COMMITTEE: Unfinished Business

COMMITTEE MEETING DATE: N/A

BOARD ACTION DATE: November 21, 2012

PROPOSAL: That the Board adopts additional amendments to Authority Policy and Procedure Series #400, “Expense Accounts” as more fully detailed in the resolution.

PURPOSE: The purpose of this Resolution and Summary Statement is to promote accountability, transparency, good government, and fiscal responsibility at the DRPA and PATCO. In order to accomplish these goals, the Board adopts additional amendments to Authority Policy and Procedure Series #400, “Expense Accounts” specifically the adoption of the U.S. General Services Administration (GSA) schedule for use in the establishment of meal expenses (M&IE), lodging and travel expenses in connection with authorized Authority business. The amount of $56.00 excludes the GSA amount of $5.00 for incidental expenses. This rate is updated yearly for M&IE, lodging and transportation rates throughout the country.

BACKGROUND: On August 18, 2010, the Board passed DRPA-10-061 which directed staff to review the Authority’s travel expenditures policy and propose revisions thereto for the Board’s consideration. On December 1, 2010, the Board passed DRPA-10-139. The proposed amendments were as follows: 1) the elimination of the Authority’s American Express card formerly issued to certain executives at the DRPA; 2) the elimination of the minimum mileage requirement for travel reimbursement; 3) the addition of language indicating that a waiver of the hotel and meal maximum allowable rates rarely will be granted by the CEO; 4) the addition of the definition of “travel status” to include time waiting in an airport, train station, etc.; 5) the addition of language limiting reimbursement for personal phone calls while on company business; and 6) emphasizing the requirement that employees and Commissioners submit receipts with all requests for reimbursement.

On 3/29/12, the State of New Jersey, Office of the State Comptroller (OSC) issued a report which recommended that the DRPA adopt the
NJ expense policy. OSC acknowledged that DRPA was not subject to this requirement.

**SUMMARY:**

<table>
<thead>
<tr>
<th><strong>Amount:</strong></th>
<th>$ 0</th>
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<tbody>
<tr>
<td><strong>Source of Funds:</strong></td>
<td>N/A</td>
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<tr>
<td><strong>Capital Project #:</strong></td>
<td>N/A</td>
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<tr>
<td><strong>Operating Budget:</strong></td>
<td>N/A</td>
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<td><strong>Master Plan Status:</strong></td>
<td>N/A</td>
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<td><strong>Other Fund Sources:</strong></td>
<td>N/A</td>
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<td><strong>Duration of Contract:</strong></td>
<td>N/A</td>
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<td><strong>Other Parties Involved:</strong></td>
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RESOLUTION

RESOLVED: That the Board adopt additional amendments to Authority Policy and Procedure Series #400, “Expense Accounts” specifically the adoption of the U.S. General Services Administration (GSA) schedule for reimbursement of meal expenses (M&IE), lodging, and travel in connection with authorized business expenses. For example, in the Philadelphia Metro Area the M&IE rate is as follows: $10.00 breakfast, $15.00 lunch, and $31.00 dinner totaling $56.00. The amount of $56.00 excludes the GSA amount of $5.00 for incidental expenses. Receipts would not be required for meal reimbursement and incidentals would not be reimbursed. Receipts would be required for lodging. This rate is updated yearly for M&IE, lodging and transportation rates throughout the country.

SUMMARY:  
Amount:   $ 0  
Source of Funds:  N/A  
Capital Project #:  N/A  
Operating Budget:  N/A  
Master Plan Status:  N/A  
Other Fund Sources:  N/A  
Duration of Contract:  N/A  
Other Parties Involved:  N/A
SUBJECT: EXPENSE ACCOUNTS

DATE ISSUED: February 20, 2004

NEW
REVISED X September , 2012

REPLACES

REFERENCE

SCOPE
Defines the policy of the Delaware River Port Authority (“DRPA”) and Port Authority Transit Corporation (“PATCO”), collectively the “Authority” concerning business and transportation expenses and furnishes guidelines where appropriate.

TAX EXEMPTION
The Authority is exempt from most Federal, New Jersey and Pennsylvania taxes and such exemption should be claimed whenever possible by use of Tax Exemption Certificates which may be obtained from the Finance Division.

POLICY
Among our responsibilities as a public agency is the necessity that all employees exercise prudent judgment in incurring expenses which are to be reimbursed by the Authority. In this connection, the Authority will pay for reasonable business expenses incurred in the course of transacting official business where proper documentation and/or approvals are submitted. In addition, it is the Authority’s intention to adhere in all respects to IRS requirements and standards regarding expenses incurred, and appropriate supporting documentation and substantiation. In some instances, Authority reporting requirements may exceed those of the IRS; in such cases, Authority requirements must be met. This policy shall not supersede any relevant agreements contained in current or future Authority collective bargaining agreements.

GUIDELINES
Travel is defined as an employee being away from his/her work location on official Authority business where an overnight stay is required. All overnight travel of Authority employees must be approved in advance in writing by the Chief Executive Officer on the Overnight Travel - Request For Approval Form. This form must be submitted with the Expense Report when requesting reimbursement.

Employees traveling on Authority business should make every effort to efficiently use travel time and still meet business commitments. Employees should allow sufficient travel time to get to their destination, without incurring additional
expenses due to personal convenience. **Example:** An employee is attending a conference in Chicago that starts at 1:00 PM on a Monday afternoon and ends at 12:00 Noon on Thursday. The employee should take flights out on Monday morning and return Thursday afternoon, instead of Sunday and Friday respectively, as this would save the cost of two hotel nights and several meals.

The following paragraphs are provided as guidance to enable employees to understand what business expenses are allowable when on official business.

1) **Hotel** - Employees will be reimbursed for the authorized rate for that city as set out in the U. S. General Services Administration (GSA) schedule, excluding taxes. This is a maximum allowable rate and employees are still required to search for the lowest available hotel rate. Governmental discounts on room rates are available at many hotels if requested at the time the reservation is made or when checking in. Employees will need to present Authority identification when checking in to receive this discount. **All employees should avail themselves of this savings on hotel bills.** Requests to stay in hotels where the rates those on the authorized schedule should only be submitted after the employee has exhausted all reasonable efforts to find a hotel whose rates meet or fall below the allowable reimbursable rate. Any request for a waiver or exception from standard reimbursable rate must be submitted in writing to the CEO for his review and consideration prior to travel. A waiver or exception shall rarely be granted by the CEO keeping in mind that DRPA is a public agency and that such waivers or exceptions should only be granted only after a clear and convincing justification has been presented. The granting of exceptions or waivers rests solely in the discretion of the Authority. If the request for waiver or exception is granted, said approval must be provided in advance and documented by the employee on the Overnight Travel - **Request for Approval Form.** This form is available on line as an I-Form.

When hotel bills contain other than room charges, those charges that are business related (ie. meals) should be identified and included on the Expense Report as a separate item.

2) **Meals** - Employees will be reimbursed for the authorized GSA meal and incidental expenses (M&IE) schedule for that city. For example, the 2012 M&IE rate for the Philadelphia Metro Area is ($61) which is broken down as breakfast ($10), lunch ($15), and dinner ($31). The amount of $56.00 excludes the GSA amount of $5.00 for incidental expenses. Meal costs exceeding these rates must be substantiated with a receipt when submitting the Expense Report. Receipts are not required for meal reimbursement. The DRPA **will not** reimburse for incidental expenses. In the above example, an employee is reimbursed in the amount of $56 for meals. There is no carryover if meal expenses on any given day are less than $56. **Example:** If an employee spends $51 one day, this does not allow them to carryover $5 for other travel days. The $51 a day is a an allowance. A waiver or exception to this policy shall rarely be granted by the CEO keeping in mind that DRPA is a public agency and that such
waivers or exceptions should only be granted only after a clear and convincing justification has been presented. The granting of exceptions or waivers rests solely in the discretion of the Authority. Any approved waiver or exception to this policy must accompany the Expense Report which is to be approved by the employee’s Chief. Employees should only submit reimbursement for meals incurred while in an official travel status (travel status includes time spent waiting in an airport, train station, etc. so long as time waiting is within reasonable time from departure). As an example, if an employee departs on a business trip after breakfast or returns from a trip before dinner, these meals would not be considered reimbursable under this policy. When attending conferences, conventions, training or any event where meals are included in the price of the registration fee, the Authority will not reimburse for any meals which would duplicate those included in the registration fee.

Employees will not be reimbursed for meals on one day trips during a regular eight (8) hour workday. **Example:** An employee takes the train from Philadelphia to New York in the morning for a meeting and returns in the late afternoon. The employee is not entitled to claim lunch as they would have to eat lunch anyway.

Actual reasonable cost of meals with outside business associates will be reimbursed when properly documented. The per person meal cost should follow the guidelines established for meals for employees while in a travel status. This documentation must include the business associates’ names, their titles, company name, and a brief description of the nature of the business discussed and the intended business outcome, before the Expense Report will be processed. Employees who attend business meetings where the content of the meeting is considered sensitive, must still include the appropriate documentation on the Expense Report, including a note to Finance on the confidential nature of the Expense Report. Finance will file the Expense Report in a restricted access file.

Employees **will not** be reimbursed for alcoholic beverages as part of their meal when traveling or meals with business associates. As a public agency with a zero tolerance drug and alcohol policy, this is not appropriate use of Authority funds.

3) **Intercity Travel** - Employees traveling on business should make every effort to obtain the most economical form of transportation available.

* **Air** - When traveling by air, employees should adequately plan to take advantage of advance purchase requirements. Employees are required to fly “coach” when traveling on business. Any exception to this policy must be approved in advance by the Chief Executive Officer on the **Overnight Travel - Request for Approval Form** and explained on the Expense Report. Employees wanting to charge their airfare to the Airline Credit Account must do so through the Authority’s contracted travel agencies. Finance periodically includes supplementals to this policy identifying the travel agencies that the Authority is contracting with to handle traveling arrangements. This information can be found on the Business Travel
Management section of their INTRANET site. An employee who chooses to park his/her car at the airport must use long term parking.

* Rail - When traveling by rail, employees should take commuter train service if available. If Amtrak must be used, then employees should take unreserved coach trains, as opposed to the high-end Metroliner or Acela service. The use of premium train service must be explained on the Expense Report and approved by the employee’s Chief. Employees wanting to charge their rail fare to the Airline Credit Account must do so through the Authority’s contracted travel agencies.

4) Ground Transportation - The accepted method of local travel (airport to hotel, train station to hotel, hotel to business site etc.) while away on business is commuter train or bus, airport or hotel shuttles or taxi. A rental car can only be used if it can be cost justified as cheaper than public transportation. Cars cannot be rented as a means of convenience or for leisure time sightseeing. Rental cars must be approved in advance by the employee’s Chief on the Rental Car Authorization Form, which must be attached to the Expense Report when requesting reimbursement of expenses. This form is available online as an E-Form. Subcompact and compact cars are the acceptable standard for vehicle rental while traveling. In instances where more than three (3) employees are traveling together, a larger vehicle may be rented. When a rental car is used, employees should fill the gas tank prior to returning it because the rental agency will apply an excessive per gallon charge to refuel the vehicle.

5) Gratuities - Gratuities are permitted for those types of service and in the generally accepted amount for which gratuities are normally given, not to exceed 20%. Amounts exceeding a 20% gratuity will not be reimbursed.

GUIDELINES (cont'd.)

6) Business Calls - Employees are expected to use the most cost effective method of calling. Employees assigned company cellular phones should use these phones to make all of their business calls. Employees who do not have company cell phones and anticipate the need to make business calls while traveling, should estimate their calling requirements in advance and acquire a Phone Card with appropriate minutes prior to their trip. Employees should submit the cost of the Phone Card for reimbursement on their Expense Report. These cards can be purchased in various amounts, depending on anticipated calling requirements (Example: A $20 Phone Card could provide 2 hours of talk time). The use of hotel phones will not be reimbursed due to the excessive access and per minute fees. Employees who use a personal cellular phone or credit card must submit a copy of the invoice and identify the business calls.

7) Personal Calls - Employees who are traveling overnight on Authority business will be automatically reimbursed up to $10 for personal calls for trips of three days or less and up to $20 for trips that exceed three days provided appropriate documentation is submitted in support of said request for reimbursement. Personal phone calls made as a result of an emergency will be reimbursed separately, within reason, upon submission.
8) **Mileage Reimbursement - Personal Vehicles** - Employees who drive their personal vehicles on company business will be reimbursed for mileage according to the IRS guidelines. Proper documentation will be required to be submitted along with the request for reimbursement.

**CASH ADVANCES**

Cash advances generally will not be paid in anticipation of employee business. In instances of hardship, the Chief Executive Officer or Chief Financial Officer may approve advances.

**EXPENSE REPORT FORM**

1) The "Expense Report" form is to be used for the reimbursement of expenses incurred and the settling of cash advances. Expenditures incurred by employees for legitimate business reasons not necessarily related to travel, such as the purchase of reference books, office supplies, business magazine subscriptions, should be submitted for reimbursement on the Expense Report and not a Finance Voucher. The Finance Voucher should be used for direct pay of expenditures to a vendor by the Authority on behalf of an employee. The Expense Report is available online as an E-Form. When expenses have been paid directly to a vendor - airline ticket, hotel, etc. - by the Authority, the employee is still required to submit the same detailed cost information as for other expense account items on the Expense Report. **Example:** If the Authority direct pays a hotel for an employee, the employee is still required to submit the hotel invoice, itemize the daily room charge, and deduct the cost in the “DRPA Paid” block on the Expense Report.

2) Each Expense Report is to be prepared in a logical daily sequence with an appropriate description of expenses and expenses itemized in the right column. The Expense Report must be signed by the person incurring the expense and approved by his/her Chief/Director or authorized designee. A copy of this delegation shall be forwarded to the Chief Financial Officer.

3) **All** requests for reimbursement of cash expenditures must be accompanied by an original receipt. If a receipt is lost or misplaced, sufficient written substantiation of the expenditure must be provided (name of the restaurant, hotel, parking lot, etc.) in order for Finance to complete reimbursement. In instances where it is not reasonably possible to obtain a receipt, for example at a parking meter, a request for reimbursement will be handled in a reasonable manner. In those limited instances, sufficient written substantiation of the expenditure must be provided (e.g., location of the parking meter, length of time the vehicle was parked, etc.) in order for Finance to process the reimbursement.

4) Under the present law, an employee may be required to substantiate his/her travel and business expenses for the Internal Revenue Service. It is the Authority’s opinion that if this policy is adhered to, employee expense accounts will be adequately documented for IRS purposes. However, if an employee takes deductions on his/her personal tax return...
for expenses in excess of those reimbursed or for expenses not reimbursed, the substantiation of such deductions is entirely a matter between the employee and the Internal Revenue Service.

GENERAL

1) Any item not specifically covered in this policy should be treated with good judgment consistent with a high concern for preventing needless expenditure of Authority funds. Employees should understand that this is a public agency and the level of scrutiny is higher than private sector organizations. A good question for employees to ask when they are in doubt: “Would I spend this if it were my own money?”

2) Expense Reports must be submitted on a timely basis. The longer it takes to submit expenses increases the likelihood that supporting documentation will be lost or misplaced and in turn increases the approval and payment cycles. Expense Reports must be submitted to Finance within 30 days of the expenses being incurred. Expense Reports submitted after 30 days must include a detailed explanation for lateness and must be approved by the employee’s Chief. Expense Reports submitted after 60 days of the expenses being incurred will not be reimbursed. There will be no exceptions.

3) When an employee is not traveling, reimbursement requests for expenses in connection with official business, including meals and entertainment, must be particularly well documented. At no time will an employee who is not traveling be reimbursed for having meals alone or only with fellow employees. Example: A Director decides to take three direct reports out to dinner after work to discuss business related issues. The Director cannot request reimbursement for the meals on his/her Expense Report.

4) No expenses incurred by spouses of Authority employees will be paid for by the Authority unless there is specific approval from the Chief Executive Officer. Any billing to the Authority for a spouse’s unallowable expenses is to be reimbursed by the employee within 30 days of expenditure.

5) The cost of departmental celebrations including such things as Holiday or birthday parties are not chargeable to the Authority and will not be reimbursed.

6) When employees submit bills written in a foreign language, translation of the services should accompany a request for payment. In the case of foreign currencies, the expense should be shown in the foreign currency and translated to the U.S. dollar equivalent with the exchange rate shown.

7) With the prior approval of the Chief Financial Officer, Chiefs/Directors are authorized to issue additional amplifying instructions based upon this policy.
8) Commissioners’ travel must be business related. Commissioners are to exercise prudent judgment in incurring expenses which are to be reimbursed by the Authority. Expense Reports are to be filled out in accordance with this policy. All requests for reimbursement of cash expenditures must be accompanied by an original receipt. In instances where it is not reasonably possible to obtain a receipt, for example at a parking meter, a request for reimbursement will be handled in a reasonable manner. In those limited instances, sufficient written substantiation of the expenditure must be provided (e.g., location of the parking meter, length of time the vehicle was parked, etc.) in order for Finance to process the reimbursement. Commissioners’ Expense Reports will be submitted to the Chair and Vice-Chair for written approval as appropriate. Chair and Vice-Chair Expense Reports must be signed by the Finance Committee Chairman of the Board. They will then be forwarded to the Chief Financial Officer for processing with copies to the Chief Executive Officer for informational purposes.

Commissioners should not request employees to pay for expenses on behalf of the Commissioners. Commissioners should pay for their own business travel expenses and request reimbursement on the Expense Report. Employees should be guided by and adhere to this policy.

9) Employees looking for additional information related to business travel should visit the Business Travel Management link on the Finance INTRANET site.

10) Supplemental expense account memorandums will be issued by the Chief Executive Officer or Chief Financial Officer as needed to clarify or further define Series No. 400.