

**Reimbursement of Travel Expenses**

**I. Purpose**

To provide guidance to faculty and staff traveling on behalf of the University of Kentucky and its affiliated corporations that will:

- safeguard the assets and reputation of the University,
- provide appropriate duty of care and risk management for University travelers,
- describe expenditures that are reimbursable in accordance with Internal Revenue Service (IRS) guidelines, and
- inform employees and travel expense report approvers of their responsibilities regarding the management of official University travel.

This policy applies to all units, regardless of source of funds; however, additional sponsor-imposed regulations may apply to travel on sponsored projects.

Individual colleges, divisions, and departments may establish policies that are more restrictive than this policy and opt to reimburse travelers less than the rates and amounts allowed in this policy. However, travelers must be notified in writing of the restrictions and the restricted rates and allowances must be applied to all travel, regardless of the funding source.

**II. Responsibilities**

Refer to [E-1-3 Fiscal Roles and Responsibilities](#) for additional information on employee responsibilities. No person may solely approve his or her own University business travel expenses (i.e., a traveler cannot approve his/her travel expenses and then also approve them as a budget officer).

**A. Travelers and Travel Arrangers**

Travelers should only travel when it is in the best interest of the University. Individuals traveling or making travel arrangements for University business must exercise good stewardship of University funds and assure that all University related policies are followed.

Travelers must obtain written approval to travel prior to incurring travel expenses at the level required by the college, division, department, or granting agency. Plans for combining business with personal travel should always be disclosed to the travel approver before any travel expenses are incurred. Travel expenses are reimbursable only when all required approvals, including any necessary prior approval from government agencies or other project sponsors, are obtained before incurring the expense.

Expenses incurred during sabbatical leave are payable when they are incurred for necessary and reasonable University business, are in compliance with all University Travel Policies and must have the advance written approval of the department Chair.

Employees must not request reimbursement from the University for expenses reimbursed by any other entity such as a government, corporation, or organization. Any reimbursement from or expense paid for directly by a third party must be reported on the Concur travel expense report.

Substitutes or delegates cannot approve travel expense reports on behalf of the traveler.

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**B. Supervisor**

Has authority and responsibility for determining and approving necessary and reasonable business travel expenses.

**C. Budget Officer**

Authority and responsibility for approving funding for University business travel expenses reside with the person responsible for the cost object to which the expenses will be charged. When approving funding, the necessity and reasonableness of the business travel expenses shall be considered.

**D. University Financial Services**

Responsible for monitoring the adherence to policies and procedures.

**III. Definitions**

- A. **CONUS:** An acronym used by the U.S. Government for the contiguous "continental United States". The CONUS table is used to obtain per diem meal reimbursement rates for an area.
- B. **Fly America Act:** A federal regulation that requires the use of U.S. flag carriers for travel on federally funded sponsored projects.
- C. **Incidentals:** Expenses for laundry, baggage tips, housekeeping tips, and other lodging-related tips.
- D. **Motor Vehicle Record (MVR) Release and Information Form:** A form used by the University's Risk Management Department to obtain information about the driver to verify driving records of employees traveling on behalf of the institution. This form must be on file with the University's Risk Management Department before driving a motor vehicle (personal, rental or motor pool) on University Business.
- E. **OCONUS:** An acronym used by the U.S. Government for areas "outside continental United States" including Alaska, Hawaii, U.S. territories as defined by IRS publication 570, and foreign countries – The OCONUS table is used to obtain per diem meal reimbursement rates for these localities and maximum lodging rates for areas other than the 50 United States.
- F. **Per Diem Allowance:** The fixed amount paid for subsistence and incidentals in lieu of actual expenditures.
- G. **Receipt:** The printed acknowledgement of payment received. Receipts must include the name and location of the establishment, an itemized listing of the goods or services provided, the date of the transaction and the amount paid. For airline tickets, the receipt must show the ticket number (13 or more digits), issue/purchase date, issuing travel vendor, details itinerary with dates/flight times/destinations, purchase price including service fee, and form of payment.
- H. **Reasonable expense:** An expense that is ordinary and reflects a prudent decision to incur the expense on behalf of University business. Reasonable expenses are not excessive in usual and ordinary circumstances.
- I. **Residence:** The permanent home address of the employee contained in the official records of the University Human Resources system.
- J. **Subsistence:** The amount expended for meals, including tax and tips, while traveling on Official University business, but excluding and meals included in registration fees.
- K. **Type of Trip:** The field on the Concur Travel Expense Report primarily used for determining appropriate general ledger codes when completing a Concur travel expense report

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1. **Domestic:** Travel within the 50 United States including the District of Columbia, Canada, and the U.S. territories as defined in IRS Publication 570.
2. **International:** Travel to all other locations other than Domestic locations listed above.
- L. **Travel Vendor:**
  1. **UK Travel Vendor:** AAA Corporate Travel Services, Avant Travel and Concur Travel online booking tool
  2. **Alternate Travel Vendor:** Any travel vendor other than a UK Travel Vendor as defined above (Examples are Delta.com, Expedia, Orbitz, Travelocity, ABC Travel International, etc.)
- M. **Workstation:** The street address of the office where the employee normally performs regularly scheduled duties. The workstation address must be in the official records of the University Human Resources system. The official workstation of field employees is established by the department head, based solely on the best interest of the University. If an employee is permanently re-assigned or is stationed at a new location for two or more months, the new location will become that employee's workstation.

**IV. Policy**

A. Necessary and Reasonable Travel Expenses

Travel expenses incurred must be necessary and reasonable to accomplish the traveler's University business travel needs. Travelers must use the most direct routes, incur the lowest reasonable travel expenses, and exercise care to avoid impropriety and/or the appearance of impropriety. Expenses related to personal travel, personal entertainment, including any additional baggage costs or other costs incurred related to items not needed to fulfill the business purpose of the travel shall not be considered a reasonable business-related expense; only items needed to accomplish the business purpose of the trip shall be paid or reimbursed by the University.

Travel dates are based upon when University business starts and ends, the actual business location (distance from workstation), and transportation schedules.

Travel reimbursement must be reduced by any amounts credited to the individual by airlines, hotels or other travel vendors. Airline tickets or other travel expenses acquired with airline frequent flyer or credit card points/awards are not reimbursable, only out-of-pocket expenses are reimbursed.

B. All Sponsored Projects

Costs incurred by travelers whose expenses, in part or in whole, are funded from a sponsored award must document that the expenses are reasonable, allowable, allocable, necessary and consistent with University policies. Sponsors may further limit the amounts reimbursed based upon per diem rates established by reference in agreements or contracts (e.g. State agreements, sub-agreements). If the trip includes international travel, lodging should be less than or equal to the U.S. federal government OCONUS allowable per diem and the airfare must be in compliance with the Fly America Act in addition to the requirements of the section titled International travel.

When travel costs will be charged in whole or in part to a sponsored project, award terms and conditions take precedence unless university policy is more restrictive. Expenses are considered reasonable if they are consistently reimbursed on all other funding sources during the budget

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period incurred. If expenses are split among multiple sources of funds, document the allocation method used (usually a percentage) to distribute expenses to the sponsored project. Lack of available funds, as when a sponsored project budget has not been approved is not an acceptable reason for non-compliance of the over 60-day taxation rule (See IV.B. [Submission of Travel Expense Report and Reimbursement](#) below). If the budget and allowable posting period are closed, reimbursement must be made from another fund source.

C. Economical Transportation Required

1. Commercial Air Travel

Employees, students and guests traveling on University business must travel at the lowest available airfare that meets the business needs of the traveler. When evaluating the lowest cost option, transportation to/from the departing airport must be considered in the cost.

Travelers are encouraged to make their commercial air travel arrangements through the University's preferred travel program, UK Travel Services. Should the Traveler elect to make their travel arrangements outside of the University's preferred travel program, the University reserves the right to limit the reimbursement to what would have been paid had UK Travel Services been used. (see IV.C. [Cost Comparisons section](#) below).

The University reimburses coach class airfare for domestic and international flights, however with supervisor approval, business class airfare will be reimbursed for 8 hours or more of uninterrupted flight service. Reasonable ancillary fees including but not limited to expenses for convenient or early boarding, extended legroom, seat location, baggage, in-flight meals, and WiFi service are approved at the supervisor's discretion.

2. Vehicles

An employee driving for University business must have a [Motor Vehicle Record \(MVR\) Release and Information Form](#) on file with the University's Risk Management Department. For all types of vehicles driven, necessary and reasonable vehicle-related expenses are allowed for parking, tolls, ferries, bridges and tunnels. Payment of traffic and parking tickets are the responsibility of the traveler. Automobile expenses such as repairs, towing, rental/mileage for sightseeing or other personal travel will not be paid with any University funds.

a. Personal Vehicle

Based on the IRS Standard Business Mileage Rates, the University will reimburse 56 cents per mile (as of January 2021) for University business travel by personal vehicle based on the actual driving distance by the most direct route (not more than 105% of the mileage listed on Google Maps). Mileage is reimbursed from the traveler's workstation to the destination, unless driving from the traveler's residence is closer.

Mileage reimbursement should not exceed the equivalent commercial airfare for the same trip. See IV.C. [Cost Comparisons section](#). Gasoline and automobile expenses such as repairs and towing shall not be paid with the University Procurement Card or reimbursed when driving a personal vehicle.

b. University-Owned Vehicles and Motor Pool

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Mileage for University-owned vehicles will not be reimbursed. The actual cost of fuel will be paid by the University.

c. Rental Cars

The University prefers that rental car reservations be made through UK Travel Services to receive negotiated rental car discounts. The most economical car feasible for University business travel must be rented. Mileage for rental cars is not reimbursable.

Reimbursement for rental cars utilized to reach the travel destination should not exceed the equivalent commercial airfare for the same trip. See IV.C. [Cost Comparisons section](#).

Insurance on domestic rental vehicles is provided by the University's Actual Cash Value Comprehensive and Collision coverage plan. Collision deductible waiver (CDW) or any other additional insurance is not a reimbursable domestic travel expense. Comprehensive, collision, and liability insurance on vehicles rented outside the United States, including the District of Columbia, Canada, and U.S. territories as defined in IRS Publication 570 is a reimbursable expense, per the University's Risk Management Department.

3. Railroads, non-local Buses, commercial vessels

Railroads, non-local Buses, or commercial vessels may be utilized when they provide for the lowest-cost transportation option available for the trip to meet the business needs of the traveler.

4. Charter aircraft

Charter aircraft may be used, in rare and unusual circumstances, if it is determined to be advantageous to the University, measured by travel costs and travel time. Written justification prior to travel must be submitted and approved by the department head or whomever they have delegated authority to approve and the University's Risk Management Department.

5. Ground Transportation

Personal vehicle mileage will be reimbursed to the traveler's departing airport. Other forms of ground transportation to/from the departing airport (e.g., taxis, ride-sharing services) can be approved by the supervisor in lieu of personal vehicle mileage.

For ground transportation at the destination, expenses for buses, subways, taxis, and ride-sharing services (e.g., Uber, Lyft, etc.) are reimbursable with supervisor approval.

D. Meals and Incidentals

Meals and incidental expenses for domestic and foreign travel are paid using per diem rates established by the U.S. federal government (CONUS or OCONUS), based upon the traveler's destination for that date. These expenses shall not be paid with the University Procurement Card. The University will reimburse meals and incidental expenses incurred on the first and last days of travel at 75% of the standard per diem rate regardless of what time of day the travel begins or ends.

Meal per diem cannot be claimed for meals included in registration fees or otherwise provided at

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no cost to the traveler as part of the event. A traveler attending a function such as a luncheon or dinner meeting/event may be reimbursed for the actual meal cost instead of the per diem when the traveler's attendance is required.

Laundry expense, baggage tips, housekeeping tips, and other lodging-related tips are considered incidental and are covered by the per diem rate and, therefore, are not reimbursable.

**E. Lodging**

University business travelers must use lodging accommodations that are necessary and reasonable. The University is sales tax exempt for Kentucky hotels, and other out-of-state hotels as well. See Purchasing's [tax-exempt information](#) for Kentucky and other applicable states.

Hotel late checkout charges or "no show" charges for guaranteed reservations that are not cancelled (unless justified) will not be paid or reimbursed by the University.

**F. Local Travel**

Local travel is defined as less than 50 miles one way from the employee's workstation or the traveler's residence, whichever is greater. Barring exceptional business reasons, local travel does not qualify for an overnight stay or payment of personal meals. Based on the IRS guidance, if a trip exceeds the local travel distance and the traveler is in travel status for more than 12 hours, but the traveler chooses not to stay overnight, personal meals will be eligible for reimbursement at 75% of the standard per diem rate for the locality visited during the day.

**G. International Travel**

International travel and travel to U.S. territories must be registered in the University's International Travel Registry before departure. Activities overseas that must be registered include, but are not limited to: official University business, conference attendance/presentations, research, community service, and sabbaticals. To ensure coverage under UK's international insurance plan, all University travel outside of the United States and to the U.S. territories as defined in IRS Publication 570 must be. Note: While Canada is considered domestic travel with regard to reimbursement, the trip classification is still international for this registry.

Any UK employee traveling internationally or to a U.S. territory with an undergraduate or graduate student (regardless of the student's concurrent employment status with the University), a postdoctoral fellow, or a GME Resident must register with UK's office of International Health, Safety & Security or UK Education Abroad & Exchanges before departure and comply with all other requirements established by University Administrative Regulation 4:9.

Fly America Act - Generally, if a University traveler is traveling on funds provided by the federal government, a U.S. flag air carrier (an airline owned by an American company) must be flown, regardless of cost or convenience. However, there are times when a foreign carrier can be used through airline code sharing, open skies agreements, or time restrictive exceptions. See [Fly America Act](#) details on the Travel Services website.

Certain expenses required for and unique to international travel are reimbursable. Such expenses include visas and immunizations for a traveler's destination recommended by the Centers for Disease Control and Prevention (CDC). Students may be reimbursed charges for UK's required travel medical insurance if they are traveling in their capacity as a University employee.

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Reimbursable expenses incurred abroad must be submitted in US Dollars (USD) using the exchange rate(s) in effect at the time of travel.

- If US Dollars (USD) are exchanged for foreign currency, the exchange rate listed on the receipt can be used to convert expenses for the trip. Attach the receipt to the expense report as documentation.
- [OANDA.com](http://OANDA.com) may be used as a resource to obtain historical foreign exchange rates. The traveler may use the average rate for the travel period or the daily rate. Print and attach the page to document the exchange rate used.
- The Concur Expense Report can convert the foreign currency receipt to U.S. dollars.
- If expenses are charged on a credit card, the credit card company converts the expenses and that rate must be used if known at the time the travel expense report is submitted.

**H. Travel Reimbursed from Multiple Entities**

If a traveler is taking a trip reimbursable jointly by the University and another entity or entities, the University will reimburse for its share of the actual fare necessary for University business and the traveler is responsible for seeking reimbursement for expenses payable by others. Fares greater than coach fare (first class, business class, etc.) cannot be used as the basis for prorating air travel costs. When an outside organization reimburses or provides meals, the traveler may not claim per diem from the University for those meals. In no case may the amount reimbursed for the trip from all sources exceed the total expenses incurred.

**I. Working Meals**

Breakfast, lunch or dinner meetings when groups of employees in travel status use personal time to conduct University of Kentucky business may be reimbursed for actual expenses in accordance with [E-7-10 Discretionary Expenditures](#). The reimbursement must list all employees participating in the working meal as well as the business purpose for the meal. Traveler may not claim per diem for working meals that have been reimbursed at actual cost.

**J. Spouse or Partner Travel**

The President is often required to have extensive and unique contact with the public on behalf of the University. When he/she is performing official duties in such areas as development, alumni and governmental relations, the University will pay the spouse's or partner's travel expenses with discretionary funds if the following conditions are met:

- The spouse or partner attends and contributes to the official function. This includes events when the spouses or partners of the University's guests are expected to be present.
- The purpose of the travel and the expenses incurred are fully documented.
- The spouse's or partner's travel expenses will be included on the President's travel expense report.

- V. The payment of travel expenses for spouses of other University employees is not permitted unless prior approval for the travel and estimated expenses is granted by the President. Such payments must be paid from discretionary funds. **Procedures****

**A. Travel Procurement Card**

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The University has a Travel Procurement Card Program to facilitate payment of travel-related expenses (e.g., airfare, lodging, car rental, registration and other ground transportation related costs) for University business. All travelers should obtain a University Procurement Card before incurring travel expenses.

The University Procurement Card must be used to pay for University business travel expenses not covered by the meal per diem or the IRS Standard Business Mileage Rates, when possible. Generally, the following expenses shall always be placed on the University Procurement Card:

- Airfare, baggage and other airline fees allowable under this policy
- Lodging (excluding personal expenses such as room service, movies and mini-bars)
- Car rentals
- Ground transportation
- Registration fees

Receipts, along with any required cost comparison, must be submitted for all Travel Procurement Card expenses over \$75 by the end of the month following the month incurred (See IV.C. [Cost Comparisons](#) below for when a cost comparison is required).

In the event an unallowable or non-reimbursable expense, such as an expense which is covered by mileage or per diem reimbursements is paid with the University Procurement Card, the expense shall be deducted from the traveler's reimbursement. Should the amount charged on the University's Travel Procurement card exceed the amount to be reimbursed, then the amount will be deducted from the employee's paycheck.

**B. Submission of Travel Expense Report and Reimbursement**

The University complies with IRS rules on accountable plans. Travel expenses not paid with the University procurement card such as mileage and per diem reimbursements for meals and incidentals should be submitted by the end of the month following the month the travel concluded, with any required cost comparisons (see cost comparison section below for when a cost comparison is required). Absent exceptional circumstances, travel expense reports approved by travelers more than 60 days from the last date of travel will be reported as taxable wages. Receipts must be submitted for any reimbursable expense, excluding mileage and per diem reimbursements, not placed on the Travel Procurement Card.

Reimbursements will be paid, by ACH deposit to the primary bank shown on the employee payroll record, after the final approval is received on the travel expense report.

**C. Cost Comparisons**

1. When a traveler chooses to drive a personal vehicle or a rental car over 500 miles one-way to the UK business destination, a cost comparison ([Air versus Auto Travel Expense Form](#)) must be submitted with the travel expense report comparing the airfare cost for business-only travel and the auto travel related costs. The airfare cost should be run at least 3 weeks prior to the start of travel, or as soon as the need for travel is known if inside of 3 weeks. Reimbursement of personal mileage or rental car/gasoline expenses will be limited to no more than the normal expenses that would be incurred with air travel. For full instructions, see [Required Cost Comparisons](#) on the Travel Services website.
2. When a traveler chooses to combine business with personal travel on an airline ticket, an airfare cost comparison for business-only travel and the actual ticket receipt must be



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submitted with the airline ticket procurement card expense report or the travel expense report, if the ticket was not purchased with the UK procurement card. Ideally, cost comparisons should be run at the same time a ticket is purchased to capture the most accurate airfares; however, if a cost comparison is not secured at this time, then the traveler has up to 14 days after the ticket is purchased to do so. For full instructions, see [Required Cost Comparisons](#) on the Travel Services website.

- a. If a UK procurement card is used to purchase the business/personal ticket and the business-only airfare is less than the actual paid airfare, the traveler shall be liable for the difference in price. The cost comparison shall then be reviewed, and the airfare difference confirmed by the UFS Director of Travel Services prior to the approval of the procurement card expense report.
  - b. If a personal credit card is used to purchase the business/personal ticket and the business-only airfare is less than the actual paid airfare, reimbursement shall be limited to the business-only airfare. The cost comparison shall be reviewed, and reimbursement amount confirmed by the UFS Director of Travel Services prior to the supervisor approving the travel expense report limiting reimbursement.
- D. Splitting travel costs between Sources of funds
1. If travel expenses for a single trip are split benefit multiple sponsored funds or benefit both sponsored and non-sponsored funds, all expenses must be allocated on a reasonable basis. Examples of a reasonable basis include: determining that certain sessions of an event benefit a specific sponsored project and allocate the expenses by percentage of the whole expense to the multiple sources of funds. If an appropriate allocation method is not used, full time equivalent of the funds is an acceptable alternative