

RESOLUTION NO.

WHEREAS, on November 6, 2012, voters approved changes to the City Charter that include creation of an Applicant Review Panel (“Panel”) and an Independent Citizens Redistricting Commission (“Commission”); and

WHEREAS, City Charter Article II Section 3(K)(8) now states “members of the commission shall not be compensated for their service. Members of the panel and the commission are eligible for reimbursement of reasonable and necessary personal expenses incurred in connection with the duties performed pursuant to this act”; and

WHEREAS, the City Auditor will soon be accepting applications for the Commission and the Panel and applicants should be apprised of the City’s reimbursement policy; and

WHEREAS, the City does not have existing policies for the reimbursement of reasonable and necessary personal expenses incurred in connection with city board and commission members’ duties, but does have existing policies and procedures for the reimbursement of reasonable and necessary personal expenses incurred in connection with city employees’ work duties; and

WHEREAS, for City employees, the City takes care to limit reimbursement of expenses incurred in connection with city employees’ work

ITEM NO. 052

01-17-2013

duties to those expenses that the Internal Revenue Service will not consider taxable, however the IRS may consider these same expenses taxable if submitted for reimbursement by a non-employee such as a Panel or Commission member;

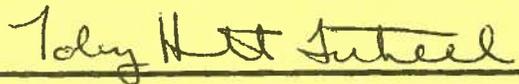
NOW, THEREFORE,

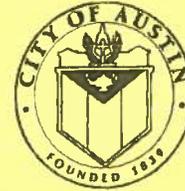
BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

Reasonable and necessary expenses incurred in connection with Panel and Commission duties shall be consistent with reimbursable expenses outlined in Administrative Bulletins 07-11 "Business Expense Reimbursement" (Exhibit A) and 84-04 "Personal Vehicle Use Reimbursement" (Exhibit B).

ADOPTED: _____, 2013 **ATTEST:** _____
Shirley A. Gentry
City Clerk

EXHIBIT A

| | | |
|---|--|----------------------|
| CITY of AUSTIN Administrative Bulletin | | |
| Title | Business Expense Reimbursement | |
| Administrative Bulletin Number | 07-11 | |
| Effective Date | December 1, 2007 | |
| Revised | ___ Annually <u> X </u> As Needed | |
| Prepared by | Financial Services | |
| Original Date | December 1, 2007 | Revised _____ |
| Manager's Approval |  | |



PURPOSE

To establish a policy for efficient City payment of necessary and reasonable business expenses incurred by City employees during the conduct of official business for the City of Austin.

POLICY

The City will reimburse employees for necessary and reasonable business expenses, including meals, parking, and registration, when the employee is not on travel status.

- Reimbursement for expenses while an employee is on travel status is covered in the City's Travel Policy.
- Mileage reimbursement for business purposes is addressed in the City's Mileage Reimbursement Policy.

This policy is also applicable to business expenses paid directly by the City.

Employees requesting business expense reimbursement will maintain and submit records of the date, business activity type, location, business purpose, names and business relationship or title of participants, and activity or program to be charged for the expense.

Certain costs related to employee meals may not be eligible for reimbursement. See Administrative Bulletin 06-02, entitled "Guidance for Using City Funds to Buy Meals for City Employees" for further clarification.

DEFINITIONS

Business Purpose: Actively engage in the discussion, meeting, negotiation, or other business transaction to benefit the City. The purpose may be to encourage the continuation of an existing business relationship.

GAX – Advantage 3 payment document to process eligible business expense reimbursement to employees

Official City Business: The performance of business duties directly relating to the City of Austin.

Necessary and Reasonable Business Expense: Expenses incurred during the conduct of official business of the City of Austin. The expense must have a documented business purpose. The expense must be reasonable

Reimbursable business expense: Expense incurred during the conduct of official business of the City of Austin that are eligible for reimbursement. The expense must have a legitimate business purpose.

Travel Status: An employee is on travel status if both of the following conditions are met:

- 1) The employee's duties require the employee to be away from Austin for a period that is substantially longer than an ordinary day's work, and
- 2) The employee needs to sleep or rest to meet the demands of work while away.

Valid Receipt: Itemized list of expense provided by provider, such as cash register receipt. For credit card purposes, a detailed receipt must be provided. The charge slip, with no detail of the purchased items, is *not* adequate.

ROLES AND RESPONSIBILITIES

Employee: Maintain records of business expenses; file timely, accurate, complete business expense reimbursement requests; provide requested supporting information as required

Employee's Supervisor: Review request for compliance with policy and approve as appropriate. Reject claims that do not meet the criteria of reimbursable business expense.

Department: Enter appropriate transaction in the City's accounting system; forward the payment package to the Controller's Office, Accounts Payable section, for payment.

Controller's Office: Review the request for compliance with procedures; approve the payment transaction, produce the payments, and forward the checks to the requesting department.

PROCEDURE

1. Maintain records of business expense
 - a) The employee must maintain valid receipts for all expenses.
 - b) For each expense, the employee records the following information:
 - type and location of business activity
 - date and business purpose of expense
 - names and titles/business relationships of participants
 - activity or program to be charged for the expense
2. Submit request for reimbursement
 - a) The employee prepares, or cause to be prepared, a Business Expense Reimbursement Form, including the following information for each expense:
 - Date of expenditure
 - Type and location of business activity
 - Participants and business relationships or titles: Must be completed if reimbursement is requested for meals or similar expenditure
 - Business purpose of expenditure
 - Amount of expenditure

Note: Tax and tips for meals are reimbursable and may be included on the reimbursement form. Tips cannot exceed amounts determined by Administrative Bulletin 07-07, entitled "Authorized Use of Public Funds for Employee

Recognition Events; Commemorative Retirement Gifts; Charitable Events; and Gratuities".

- b) The employee signs form certifying that claim is true and unpaid.
 - c) The employee attaches all receipts to support business expenses claimed on the form.
 - d) The employee submits this reimbursement request no later than 60 days after the expense has been incurred. Departments have the authority to establish earlier deadlines but cannot establish deadlines that extend past 60 days.
3. Supervisor Review and Approval
- a) Review request. The supervisor will review the employee's request to insure
 - The form clearly reflects the business purpose of each item to be reimbursed;
 - The expense is appropriate and reasonable; and
 - The report contains sufficient information to document the business purpose of each expense.
 - Receipts are attached for each expense claimed on the report.

NOTE: Expense reimbursement requests that do not clearly list the purpose for each expense or are not supported by valid receipts will not be processed by the Controller's Office Accounts Payable section.

- b) Approve request. By signing the reimbursement request, the supervisor indicates that
 - he/she has reviewed the employee's request ;
 - the request clearly lists the business purpose for each expense;
 - valid receipts are attached for each expense;
 - the request is appropriate and reasonable; and
 - the employee is authorized to receive reimbursement for the expense shown.
 - The proper activity or program is charged for the expense
4. Payment Preparation
- a) The User Department enters a GAX transaction in the City's accounting system and prepares a payment package for submission to Controller's Office Accounts Payable section. Transactions submitted for payment must satisfy the following requirements:
 - Vendor Code: Use MIS000024
 - Vendor Name must match the employee's name on the payroll system. Do not use nicknames.
 - Handling Code must be set to "SP"
 - Vendor Invoice number: 12345678BYMMDD
 - 12345678 = eight digit employee identification number
 - B =Business Expense
 - YY=2-digit year of report
 - MM=2 digit month of report
 - DD=2 digit day of report (last day of month)
 - Example: December 2006 = 12/31/06
 - Invoice date: Use the last date of the month in which expenses were incurred.
 - All business expenses for an employee for a specific month must be paid on the same GAX.
 - Reimbursement for more than one month may be included on a GAX, provided that each month is paid on a separate line.
 - b) The GAX payment package must include supporting documentation.
 - Business Expense Reimbursement Form as supporting documentation.
 - Receipts or invoices for each expense
 - Supporting documentation must clearly identify the employee receiving reimbursement.

- Supporting documentation must contain sufficient information to document the business purpose of each expense.
 - Supporting documentation must be signed by the employee and the employee's supervisor or other authorized individual.
5. Review and Process Payment
- a) In addition to established Accounts Payable payment review procedures for transaction review, Controller's Office performs the following reviews:
- Verify name on vendor code matches employee's name on Payroll system.
 - Review supporting documents to ensure that valid receipts are attached for each expense.
 - Review supporting documents to ensure that the purpose of each expense is clearly indicated. If purpose for each expense is not clearly listed, Controller's Office will return the payment package to the department
 - Verify check category is set to "SP"
- b) After successful review, Accounts Payable processes the GAX document
- c) Checks are returned to the departments through interoffice mail.

FORMS

Business Expense Reimbursement Form

| | | |
|---|---|---|
| CITY of AUSTIN Administrative Bulletin | |  |
| Title | Personal Vehicle Use Reimbursement | |
| Administrative Bulletin Number | 84-04 | |
| Effective Date | December 1, 2007 | |
| Revised | ___ Annually <u>X</u> As Needed | |
| Prepared by | Financial Services | |
| Original Date | _____ Revised _____ | |
| Manager's Approval | <i>Toley H. H. Tateel</i> | |

PURPOSE

To establish a reimbursement policy for City employees that use a personal vehicle to conduct official business for the City of Austin.

POLICY

Employees who drive their own vehicle, in lieu of a City vehicle and in accordance with the following provisions, may qualify for reimbursement for miles driven. Currently, there are three reimbursement rates:

- **Mileage reimbursement - standard mileage rate.** Employees who use their personal vehicle for City business will be reimbursed for miles driven. The reimbursement rate is typically set as part of the annual budget process. The rate may differ from the IRS rate
- **Mileage reimbursement - Construction Inspectors.** Construction Inspectors who use their personal vehicle for City business will be reimbursed for miles driven. The reimbursement rate is set by Budget Office each year as part of the annual budget process.
 - Employees who receive the Construction Inspector mileage rate, but use their car while on travel status for travel outside their normal work areas, will be reimbursed at the City standard mileage rate.
- **Mileage reimbursement - City Officials that receive a car allowance.** City officials that receive a car allowance will be reimbursed for miles driven outside the Austin MSA that typically require an overnight stay. The reimbursement rate is less than the standard mileage rate.

All employees receiving a mileage reimbursement are required to maintain the following:

- A current Texas driver's license;
- An insurance policy providing at least the minimum public liability coverage in effect for the time period for which reimbursement is claimed;
- Current Texas registration in accordance with State law.
- Compliance with the City's Driver Safety Program.

Employees requesting mileage reimbursement must maintain and submit records of miles driven, purpose of each trip, and activity or project to be charged for the mileage.

DEFINITIONS

City Driver Safety Program : Required for all City drivers. Program information can be found at the HRD website located at:

http://inside/risk/policy/rmm_vol4_dsp.pdf

Commuting Mileage: Mileage driven while traveling to and from the employee's residence. Commuting mileage is not reimbursable

Construction Inspector Mileage: Reimbursable Mileage for employees in certain Construction Inspector positions.

Construction Inspector Mileage Rate: Per-mile rate paid to Construction Inspectors for use of their personal vehicle for City business. The reimbursement rate is set as part of the annual budget process.

IRS Rate: The standard mileage rate established by the IRS to use in computing the deductible amount of operating an automobile for business purposes.

Official City Business: Supervisor authorized vehicle use while in the performance of required and approved business duties. Official City business shall not include personal errands, travel from a worksite to meals or returning from meals to a worksite.

Reimbursable Mileage: Mileage driven in the reasonable and necessary conduct of official business for the City of Austin. Reimbursable mileage is typically calculated from the initial jobsite and does not include the employee's commute to the initial jobsite.

Reimbursable Mileage includes mileage driven to and from the employee's residence when called back for an emergency, although it is taxable to the employee.

Standard Mileage: Reimbursable Mileage for all City employees other than employees in certain Construction Inspector positions or City officials that receive a car allowance.

Standard Mileage Rate: Amount paid as reimbursement to employees who use their personal vehicle for City business or miles driven. The reimbursement rate is set as part of the annual budget process. The rate may be different than the IRS rate.

Travel Payment (TPP) – Advantage 3 document to reimburse employee mileage. See Procedure D

ROLES AND RESPONSIBILITIES

City Employees:

- Maintain record of miles driven;
- File timely, accurate, complete mileage reimbursement requests; and
- Provide requested supporting information as required.
- Comply with the City's Driver Safety Program

Employee's Supervisor

- Review for compliance with this policy; and
- Approve employee's request if appropriate.

Department

- Ensure Driver Safety Program Standards are implemented and maintained (Risk Management Program Manual, Volume IV; Safe Driver Program). This program can be found at: http://inside/risk/policy/rmm_vol4_dsp.pdf
- Review reimbursement requests and authorize reimbursements as appropriate;
- Prepare payment document for authorized reimbursement;

- Forward the approved document to Controller's Office Accounts Payable section for payment;
- Record excess mileage payments to Construction Inspectors in Payroll system; and
- Record mileage amount paid for call-back in Payroll system.

Controller's Office Accounts Payable section

- Review the payment document for compliance with procedures;
- Process the approved documents to the accounting system;
- Forward the checks to the requesting department through interoffice mail.

Budget Office

- Provide the standard reimbursement rate to departments through the annual Budget Manual Annual update. Revise on an Interim basis if necessary.

PROCEDURE

A. Maintain Records

1. For each trip, the employee records the following information:
 - odometer readings per trip
 - date and purpose of each trip, and
 - activity or project to be charged for the mileage.
 - If the personal vehicle is used all day for official City of Austin business, the employee may choose to show odometer readings for the beginning and end of the day.
2. List each destination and the business purpose for EACH destination.
 - If the vehicle is used for personal use during the day, include mileage only for those trips that were official business.
 - If using the all-day odometer method, include the destination and business purpose for all trips during the day.
 - In order to use the all-day odometer method, do not use the vehicle during the day for personal use, except for short and ordinary stops for gasoline, food, etc., that are "on the way".
3. Regardless of method chosen:
 - Do not include commuting mileage.

B. Submit Request

1. Submit request for reimbursement: Employee will prepare, or cause to be prepared, Form FIN 9038, entitled "Private Vehicle Mileage Report", including the following information for each trip:
 - Vehicle license plate number
 - date of travel
 - beginning and ending odometer readings
 - miles driven
 - destination
 - business purpose of the trip
 - If the details are too voluminous to show on Form FIN 9038, the details must be clearly listed on a log or other documents attached to the Private Vehicle Mileage Report submitted for reimbursement.
2. Submit all mileage for a given month on the same reimbursement request.
3. The employee must sign the reimbursement request.
4. Submit this reimbursement request no less than once a quarter. Departmental procedures may require more frequent submission.
 - All mileage for a given month must be on the same request.
 - A request may include more than one month, if allowed by departmental procedures.

C. Supervisor Review and Approval

1. The supervisor will review the employee's request to insure
 - the form clearly lists the destination of each trip to be reimbursed;
 - the mileage is reasonable; and
 - the report contains sufficient information to document the business purpose of each trip.
 - Mileage reports which do not clearly list the destination or purpose for each trip will not be processed by the Controller's Office Accounts Payable section.
2. By signing the reimbursement request, the supervisor indicates that
 - he/she has reviewed the employee's request;
 - the request clearly lists destination and purpose for each trip;
 - the request is appropriate and reasonable; and
 - the employee is authorized to receive reimbursement for the miles shown.

D. TPP Preparation (Advantage 3)

1. Prepare Payment Voucher in Advantage 3: The User Department prepares a Travel Payment (TPP) document for submission to Controller's Office Accounts Payable section. Documents submitted for payment must satisfy the following requirements:
 - Vendor Code: Use MIS0000024
 - Vendor Name must match the employee's name on the payroll system. Do not use nicknames.
 - Handling Code must be set to "SP"
 - Vendor Invoice number: 12345678MYMMDD
12345678 = eight digit employee identification number
M=Mileage
YY=2-digit year of report
MM=2 digit month of report
DD=2 digit day of report (last day of month)
 - Invoice date is the last day of the period covered by the reimbursement request.
Example: December 2006 = 12/31/06
2. All mileage for an employee for a specific month must be paid on the same TPP.
 - Reimbursement for more than one month may be included on a TPP, provided that each month is paid on a separate line.
3. The TPP must include supporting documentation:
 - Include Form FIN 9038 as supporting documentation.
 - Supporting Documentation must clearly identify the employee receiving reimbursement.
 - Supporting Documentation contains sufficient information to document the business purpose of each trip.
 - Mileage reports which do not clearly list the destination or purpose for each trip will not be processed by the Controller's Office Accounts Payable section.
 - Supporting Documentation must be signed by the employee and the employee's supervisor or other authorized individual.
4. Attach an addressed interoffice envelope to the front of the TPP.
5. See the Accounts Payable Manual for detailed information.

E. Record Taxable Mileage Payments in Payroll System

1. Construction Inspector Mileage

- In the event that the rate paid to Construction Inspectors is higher than the reimbursement amount established by the IRS, the excess must be reported as taxable income for the employee.
- Periodically, but no less than once a quarter, compute the taxable amount by applying the excess amount paid per mile to the total number of miles for which the employee was reimbursed at the higher rate.

Example:

Construction Inspector Mileage Rate: 52.3¢

IRS Rate: 48.5¢**

Total Miles Reimbursed at higher rate: 1250

Amount to report = $(52.3¢ - 48.5¢)(1250) = 3.8¢ * 1250 = \47.50

** Note: The Standard Mileage Rate may differ from the IRS rate.

2. Call Back Mileage

- In the event that an employee is reimbursed for mileage when responding to a call-back situation, compute the taxable amount by applying the standard mileage rate paid per mile to the total number of miles for which the employee was reimbursed. This mileage must be reported as taxable income for the employee. Periodically, but no less than once a quarter, report the amount the employee was reimbursed.

3. Record the Amount

- The amount must be entered into the Payroll System (currently Banner) by a departmental timekeeper or HR Liaison. If you need further information, contact the Banner Help Desk.

F. Review and Process Payment

1. In addition to established Accounts Payable payment document review procedures for document review, Controller's Office Accounts Payable section performs the following reviews:

- Verify name and employee ID match Payroll system.
- Review supporting documents to ensure that the destination and purpose of each trip are clearly indicated.
- If destination or purpose for each trip is not clearly listed, return the document to the department.
- Verify that the correct mileage reimbursement rate was used for calculations.
- Verify invoice number conforms to numbering convention.
- Verify handling code is "SP" and an Interoffice envelope is attached.

2. After successful review, Controller's Office Accounts Payable section processes the TPP in Advantage 3.

3. Checks are returned to the departments through interoffice mail.

FORMS

Fin 9038 – Private Vehicle Mileage Report located on the Controller's Office website:

<http://afs2main.ci.austin.tx.us/web/controller/Home/index.cfm>