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I. PURPOSE

The purpose of this Policy is to ensure that (a) adequate cost controls are in place, (b) travel and other expenditures are appropriate, and (c) the hospital provides a uniform and consistent approach for the timely reimbursement of authorized expenses incurred by Employees.

II. POLICY

Regions Hospital will reimburse employees for expenses that are ordinary and necessary business-related expenses and have been appropriately documented.

When incurring business expenses, Regions Hospital expects employees to:

- Exercise discretion and good business judgment with respect to those expenses
- **Be cost conscious and spend Regions Hospital's money as carefully and judiciously as the individual would spend her/his own funds**
- Report expenses, supported by required documentation, as they were actually spent
- Report expenses within 3 months of being incurred

BUSINESS MEAL AND BUSINESS ENTERTAINMENT EXPENSES

Business meals and entertainment expenses are reimbursable only if they are directly related to business and properly substantiated as described below. Documentation and substantiation for any such expense must be provided as described below.

Business meals and business entertainment expenses include:

- Meetings with customers or other parties on Regions Hospital business
- Meals with customers or other parties on Regions Hospital business
- Employee recruitment meals and entertainment
- Meals provided as part of a meeting with employees

A. Substantiation and Directly Related Requirements

IRS regulations require that all reimbursed expenses be *directly related* to active conduct of trade or business and adequately substantiated.

B. Directly Related Test

For meal and entertainment expenses to meet directly related test, the Employee must:

- Have had more than a general expectation of getting income or some other specific business benefit at some future time; and
- Have engaged in business with the person(s) during the meal or entertainment period.

If the meal or entertainment expense directly precedes or follows a substantial business discussion, it can still be reimbursed even if it does not meet the above test.

ENTERTAINMENT OF EMPLOYEES

Regions Hospital will pay directly or provide reimbursement to employees for employee entertainment if:

- There is a clearly documented business justification for the entertainment
- The entertainment is appropriate
- The amount expended is reasonable and not extravagant
- The sponsoring Employee has the authority to provide the entertainment
- The amount expended is within the approved budget of the sponsoring employee

GENERAL BUSINESS EXPENSES

Business Use of Personal Automobile

Regions Hospital will reimburse Employees driving their personal automobile for business purposes at the standard mileage rate per IRS regulations for business use of personal automobile. The mileage rate is updated annually based upon IRS allowable amounts. These expenses are submitted for reimbursement on the EXPENSE REPORT form. In order for these expenses to be reimbursed, the Employee must include on the EXPENSE REPORT form the number of miles driven the destination, and business reason for the travel.

Out of Town Travel Requirements

All trips involving air travel or at least one overnight stay must be approved in advance by the individual's supervisor. All reasonable and necessary expenses incurred while out of town are reimbursable. In determining the reasonableness and necessity of travel expenses, the employee and the person authorizing the travel shall consider the ways in which Regions Hospital will benefit from the travel and weigh those benefits against the anticipated cost of the travel. Costs that are typically reimbursable include airfare, hotel accommodations, taxi service, meals, tips, car rental, etc.

Air Travel

Travel arrangements should be made as far as possible in advance. Employees are expected to fly coach on the lowest coach class fare actually available for direct, non-stop flights. If an Employee takes advantage of the "weekend air fare", Regions Hospital will pay for up to two additional nights of hotel accommodations plus meals. This amount should not exceed the amount saved by the weekend airfare.

To receive reimbursement for such lodging and meal expenses, the individual must supply, along with the Expense Report, documentation of the amount of the difference between the price of the Saturday stay and non-Saturday stay airline tickets.

Car Rental

Employees are expected to use the most economical ground transportation appropriate under the circumstances. Subject to safety issues, time constraints, and other reasonable concerns, Employees should generally use the following modes of transportation:

Courtesy Cars

Many hotels have courtesy cars, which will take you to and from the airport at no charge. The hotel will generally have a well-marked courtesy phone at the airport if this service is available. Employees should take advantage of this free service whenever possible.

Airport Shuttle or Bus

Airport shuttle or buses generally travel to and from all major hotels for a small fee. At major airports such services are as quick as a taxi and considerably less expensive. Airport shuttle or bus services are generally located near the airport's baggage claim area.

Taxis

When courtesy cars and airport shuttles are not available, a taxi is often the next most economical and convenient form of transportation when the trip is for a limited time and minimal mileage is involved. A taxi may also be the most economical mode of transportation between an individual's home and the airport.

Rental Cars

Car rentals are expensive so other forms of transportation should be considered when practical. Employees will be allowed to rent a car while out of town provided that the cost is less than the alternative methods of transportation.

Lodging

Supervisors should approve all planned lodging in advance. Certain hotel/motel chains have discounts. These hotel/motels should be used if at all possible. Some hotel accommodations made in connection with training programs, seminars, and conferences may be more economical if booked directly with the sponsoring organization and when making reservations.

An employee traveling on behalf of Regions Hospital may be reimbursed at the standard, single room rate for the reasonable cost of hotel accommodations provided that employees exercise good judgment in incurring lodge costs and that charges are reasonable and consistent with the facilities available, and based upon room availability, employee safety. The maximum allowance for hotel is \$350 not including taxes, fees, etc... (Exceptions: new York City and Washington, C.D. which may exceed \$350).

Telephone Calls

Regions Hospital will pay for calls to Regions Hospital and other work-related calls. Regions Hospital will also pay for one call per day, of a reasonable duration, to the employee's family.

Personal, Spousal/Spousal Equivalent, & Family/Friends Travel Expenses

Employees traveling on behalf of Regions Hospital may incorporate personal travel or business with Regions Hospital – related trips; however, employees shall not arrange their travel at a time that is less advantageous to Regions Hospital or involving greater expense to Regions Hospital in order to accommodate personal travel plans. Any additional expenses incurred as a result of personal travel, including but not limited to extra hotel nights, additional stopovers, meals or transportation, are the sole responsibility of the individual and will not be reimbursed by Regions Hospital.

Expenses associated with travel of an individual's spouse, spousal equivalent, family or friends will not be reimbursed by the Employer, nor should these expenses be paid using a company Purchasing Card (Pcard).. Employees should make every effort to rent a car from a rental car agency that offers Regions Hospital a discount. Most rental car agencies offer additional insurance for collision damage waiver, personal accident insurance, and personal effects insurance. The Employee should always decline this additional insurance because Regions Hospital has insurance to cover these deductibles.

Retreats

Employee business conferences and retreats sponsored by Regions Hospital shall not take place outside of Minnesota except for conferences held in Western Wisconsin.

Non-Reimbursable Travel Expenditures

Expenses that are not reimbursable include, but are not limited to:

- Travel insurance
- First class tickets or upgrades
- Any personal expenses, including but not limited to clothing and toiletry articles
- Airport valet service
- When lodging accommodations have been arranged by Regions Hospital and the individual elects to stay elsewhere, reimbursement is made at the amount no higher than the rate negotiated by Regions Hospital
- Limousine travel unless such transportation is the lowest reasonable cost available.
- Movies or other personal items
- Membership dues at any country club, private club, athletic club, golf club, tennis club or similar recreational organization unless otherwise approved by the Board.
- Employee purchase of golf clubs or any other sporting equipment
- Spa charges
- Spouse/spousal equivalent/family travel expenses

Gym Charges

Regions Hospital will pay for gym charges at the hotel/motel so that employees can maintain their exercise routines when out of town for business. The Hospital supports the employee's desire to improve their well being.

Season Tickets for Sporting Events

Any season tickets for sporting events will require approval from the chairperson of the Board of Directors or his or her designee.

Credit Cards

Certain employees possess credit cards provided by Regions Hospital. Regions Hospital will not reimburse any employee for credit card transactions without appropriate expense report documentation substantiating that any and all reimbursable expenses are consistent with this policy and other applicable corporate policies. If appropriate documentation is not available, Regions Hospital may reimburse Employees if acceptable substitute documentation is supplied. Regions Hospital's Board of Directors will review this policy provision annually and modify as necessary.

Employee Gift-Giving

From time-to-time, Regions Hospital employees give gifts on behalf of the Organization to other

employees or persons or entities unrelated to Regions Hospital. Any gifts given on behalf of the Organization should be reasonable and appropriate to the business environment. Any and all gifts given by an employee exceeding \$50.00 requires approval by a manager. Gifts should be designated as gift items on expense reports or other requests for reimbursement. The Board of Directors or its designees will review a list of gift giving on a quarterly basis.

III. PROCEDURE(S)

Out of Pocket (OOP) Expenses

Expenses are to be submitted using the Employer's online expense reporting tool, ChRIS. (Certain exceptions may apply). Detailed documentation and substantiation for any such expense must be provided as described below.

In addition to the meal or entertainment expense being directly related to business, the following information must be provided when submitting an expense entry, regardless of the amount of the expense:

- Date and place of meal and/or entertainment
- Nature of expense, e.g., lunch, dinner, etc.
- Names and corporate affiliation of those at the meal and/or entertained
- Nature of business discussion

In addition, receipts are required for all expenses billed directly to the Employer. No expenses in excess of \$25.00 will be reimbursed to employees unless the individual requesting reimbursement provides an itemized receipt from the vendor showing the vendor's name, an itemized description of the services provided (if not otherwise obvious), the date, and the total expenses showing proof of payment (including taxes and tips, if applicable).

Mileage expenses are reimbursable provided the employee follows the current IRS mileage guidelines. In order for mileage expenses to be reimbursed, the employee must include the following information:

- Date of travel
- Number of miles driven
- The destination- to and from
- The business reason for travel

Company mileage rates are determined by current IRS regulations.

Gifts

Gifts should be designated as gift items and/or gift cards when seeking reimbursement. Gift cards, regardless of the amount, are considered income per IRS regulation, and must be reported to payroll.

Regions Hospital management retains the right to interpret and/or change current policies and procedures as necessary. These policies and procedures are not an employment contract and should not be interpreted as creating an employment contract or contractual rights.

Meals

Business meals and business entertainment expenses include:

- Meetings with customers or other parties on behalf of Employer
- Meals with customers or other parties for the Employer relations
- Employee recruitment meals and entertainment

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- Meals provided as part of a meeting with Employees

All meal receipts, from any food vendor, must include a detailed itemized listing of all items ordered, tax and tips. Employees are expected to be cost conscious and spend the employer's money as carefully and judiciously as they would spend their own money but in no event should the meal exceed \$50, including tax and tip. Accounting Unit managers are responsible to ensure that meals and other expenses are reasonable and necessary.

Air Travel

Approved airline travel arrangements should be made through the Employer's corporate travel agency. Travel arrangements should be made as far in advance as possible.

Ground Transportation

Subject to safety issues, time constraints, and other reasonable concerns, Employees should generally use the following modes of transportation to and from the airport:

Courtesy Cars

Many hotels have courtesy cars, which will take passengers to and from the airport at no charge. The hotel will generally have a well marked courtesy phone at the airport if this service is available. Employees should take advantage of this free service whenever possible.

Airport Shuttle or Bus

Airport shuttle or buses generally travel to and from all major hotels for a small fee. At major airports such services are as quick as a taxi and considerably less expensive. Airport shuttle or bus services are generally located near the airport's baggage claim area.

Taxis

When courtesy cars and airport shuttles are not available, a taxi is often the next most economical and convenient form of transportation when the trip is for a limited time and minimal mileage is involved. A taxi may also be the most economical mode of transportation between an individual's home and the airport.

Rental Cars

Employees will be allowed to rent a car while out of town provided that the cost is less than the alternative methods of ground transportation. Car rentals can be coordinated through the Employer's corporate travel agency. Employee should rent a standard vehicle, as vehicle upgrades are not allowed.

Most rental car agencies offer additional insurance for collision damage waiver, personal accident insurance, and personal effects insurance. The employee should always decline all additional insurance as the Employer has insurance to cover these deductibles.

Regions Hospital management retains the right to interpret and/or change current policies and procedures as necessary. These policies and procedures are not an employment contract and should not be interpreted as creating an employment contract or contractual rights. Insurance purchased through a rental car agency is not a reimbursable expense.

Hotel

The Employer's corporate travel agency can coordinate an employee's hotel reservations. Sometimes hotel accommodations made in connection with training programs, seminars, and conferences may be more economical if booked directly with the sponsoring organization. When making reservations the employee should discuss this with the Employer's corporate travel agency. An itemized receipt from the hotel detailing all of the charges is required for reimbursement. Additionally, any charges (including meals) on the hotel bill require a separate itemized receipt. The maximum allowance for hotel is \$350 not including taxes, fees, etc. Exceptions are New York City and Washington, D.C, which may exceed \$350.

Per Diems

HealthPartners does not use per diems for meals however IRS per diems for meals and incidentals typically run \$71 per day. Employees should keep this guideline in mind and spend accordingly.

Purchasing Cards (Pcards)

Employees who travel for the company are eligible to apply for a Travel Pcard. Travel Pcards can be used for all travel expenses. Pcard transactions should be reconciled monthly according to the Pcard cycle, and statements/receipts faxed in accordance with Pcard policy.

Cash Advances

The Employer does not permit employees to receive cash advances for any purpose.

AUDITS

Random audits are performed on expense reports, P-Card transactions, and other business related expenses paid on the employee's behalf. The purpose of auditing is to ensure that we are in compliance with our corporate policies and procedures for payment of business related expenses.

IV. DEFINITIONS

V. COMPLIANCE

Failure to comply with this policy or the procedures may result in disciplinary action, up to and including termination.

VI. ATTACHMENTS

Not Applicable

VII. OTHER RESOURCES

Travel Request Process, Guidance and Worksheet

Travel Request Form

Regions/RHSC Code of Conduct

Event Policy – C421

Alcohol Use Policy – #RH-HR-HR60:10:29

Reimbursement for Alcohol Policy – C400

VIII. APPROVAL (S)



Kim Egan
Executive Director of Human Resources

IX. ENDORSEMENT

Human Resources Leadership Team