



Reimbursement of Business/Travel Expenses Procedure

Chapter 5: Finance

Procedure Number: PR509.03 (Replaces PR509.02 AKA Policy 419.07)

Effective Date: 10/05/2023

Responsible Manager: Financial Management Director

Reviewed By: Chief Operating Officer, Health Operations Team

Approval: Financial Management Director

Purpose Statement

The Minnesota Department of Health (MDH) reimburses authorized employee business/travel expenses when such expenses are necessary to conduct state business. This policy outlines standards and procedures to ensure:

- business/travel expenses are in compliance with policies and procedures of Minnesota Management & Budget, the Department of Administration, and the Internal Revenue Service, and applicable collective bargaining agreements, compensation plans, or state statutes.
- employees are reimbursed within two pay periods for allowable expenses incurred.

1. Reimbursement is provided to an employee for business/travel expenses when the following conditions apply:

- a. The business/travel is necessary to conduct state business and the expense has been authorized through a Request to Incur Special Expenses, an Authorization for Out of State Travel, or other means as appropriate.
- b. The expenses are incurred within approved travel dates and times.
- c. Mileage is incurred for use of a personal vehicle for business purposes, whether in travel status or not.
- d. The employee has appropriately documented that they were in travel status according to their bargaining unit agreement and are entitled to meal allowance(s) .
- e. The expenses are allowable in accordance with this policy.

2. Itemized receipts are used to verify that reimbursement is provided for allowable expenses and are required for all expenses except meals, taxi services, baggage handling, parking meters, pay telephones, coin-operated laundry machines, gratuity (tip) paid to housekeeping staff at a licensed lodging facility, tolls and metered photocopiers unless specified by the applicable collective bargaining agreements or compensation plans. The agency retains the right to require receipts for meals when determined appropriate. The following standards apply to the use of itemized receipts:

- a. Employees are responsible for collecting and retaining itemized receipts where required for all allowable expenses incurred for business travel. To ensure an itemized receipt is provided, employees should request an itemized receipt when checking into hotels, or otherwise incurring allowable expenses.
 - b. An itemized receipt is the first detailed source document issued to the employee that is marked, by the vendor, indicating that the bill or invoice was paid. It includes the name and address of the vendor, date(s) of service, detailed list of items purchased, total amount charged, and date paid.
 - c. Cancelled checks, credit card statements, and other similar documents cannot be substituted for itemized receipts.
 - d. Lodging receipts must include the name and address of the hotel, the dates the employee was lodged, a description and amount of each item charged, and the total amount paid by the employee.
 - e. In cases when an itemized receipt cannot be obtained but is required, the employee should follow these procedures:
 - 1. Submit a notarized Affidavit of No Receipt in addition to the MDH Expense Reimbursement Exception Form. The employee should attempt to contact the vendor to obtain a copy of the receipt before completing the affidavit of no receipt and MDH Expense Reimbursement Exception Form.
 - 2. **Receipts required by this policy do not need to be originals.**
3. Food and beverage reimbursement is provided under the following conditions:
- a. The employee is in travel status, which is defined as performing required work more than thirty-five (35) miles from the employee's permanent work location.
 - b. Reimbursement is provided for the actual cost of food and non-alcoholic beverages, including tax and reasonable gratuity, up to the maximum amount in the applicable bargaining contract or compensation plan. Reasonable gratuity is defined as 20 percent or less.
 - c. Alcohol, tobacco and anything else prohibited by the contract or law is not considered an allowable expense.
 - d. Employees who meet the eligibility requirements for two or more consecutive meals shall be reimbursed for the actual costs of food and beverages not to exceed the combined maximum reimbursement amount for the eligible meals. Combined reimbursement (meal bunching) allows an employee to group the allowable limits for several meals and claim reimbursement on the amount actually spent on all meals not to exceed the combined total. The maximum allowed may be divided among the travel days in any way the employee chooses.
 - e. On the first, last, or only dates of travel, eligibility for meal reimbursement depends on the time when the travel starts and ends (see standard #4)
 - f. Employees are generally not eligible for meal reimbursement if the cost of commercial transportation, conference registration, or hotel lodging includes the price of that meal. Continental breakfasts provided at hotels or conferences are not considered meals for this purpose. An employee may purchase an alternate meal rather than consuming what is provided in limited circumstances for business purposes or nutritional reasons. To claim reimbursement in this case, the employee must submit an MDH Expense Reimbursement Exception Form explaining the reason for purchasing an alternate meal.
 - g. Employees who prefer to prepare meals rather than dine in restaurants may claim reimbursement for groceries purchased during travel. Reimbursement for groceries counts toward the combined total maximum reimbursement amount for eligible meals. Time spent shopping for groceries and preparing food is not considered work time. In other words, time spent shopping and cooking cannot increase the total amount of travel time and cause additional meal eligibility and other travel expenses.

4. Meal reimbursement eligibility during the first, last, or only days of travel depends on the following conditions:

- a. Per IRS regulations, reimbursements for meal expenses on trips not involving an overnight stay are taxable income. Federal, State, FICA, and Medicare taxes are withheld from the employee's pay, and the amount of the expense is included in wages on the employee's W-2 form.
- b. An employee may claim reimbursement for breakfast only if required to leave home for a travel status assignment before 6:00 a.m. or to be away from home overnight. To claim breakfast because of the need to leave home before 6:00 a.m., the employee must record the departure time on the SEMA4 Employee Expense Report.
- c. An employee may claim reimbursement for lunch only while in travel status and the work assignment extends over the normal noon meal period.
- d. An employee may claim reimbursement for dinner only if state business causes arrival at home from travel status after 7:00 p.m. or an overnight stay away from home. To claim dinner because the employee arrived home after 7:00 p.m., the employee must record the time of arrival home on the SEMA4 Employee Expense Report. The employee may not claim dinner if the time spent picking up or consuming the meal causes them to arrive home after 7:00 p.m.
- e. Employees working their normal job on a flex-schedule beginning before 6:00 a.m. or extending past 7:00 p.m. are not considered to be in travel status, and are not entitled to meal reimbursements.

5. Reimbursement is provided for other allowable business/travel expenses under the following conditions:

- a. Some business/travel expenses should receive prior approval using the Request for Approval to Incur Special Expense form (HE-01406). Consult applicable bargaining contracts and plans for more information on other allowable expenses.
- b. Registration fees for courses or conferences may be reimbursed if an approved Request for Approval to Incur Special Expense form (HE-01406), a syllabus, and/or an agenda, and an itemized receipt are attached to the expense report. See item 3(e) above for information on related meal reimbursement. See Reimbursement of Conference, Seminar, and Academic Tuition policy listed at the end of this policy for more information.
- c. Reimbursement is not provided for optional or upgraded travel expenses. Examples include: upgraded hotel rooms that cost more than the lowest or standard rate, upgraded seat choices on airplanes, costs for second bags on flights, etc.
- d. Reimbursement is not provided for additional expenses related to others traveling with an employee.
- e. Air and ground transportation may be reimbursed if a complete transportation itinerary and itemized receipts are attached to the expense report.
- f. Miscellaneous travel costs such as parking costs, baggage handling, porter fees, and room service or housekeeping tips may be reimbursed when included on the expense report.
- g. Reimbursement for other business expenses is provided consistent with applicable policies, contracts, and laws.

6. Personal phone call reimbursements may be reimbursed up to the amount allowed in the bargaining contract or compensation plan. Requests for phone reimbursements must be accompanied by receipts documenting that actual telephone call charges have been incurred beyond the regular monthly charge for cell phone service or the cost of lodging. Employees with state-issued cell phones are encouraged to use them for personal calls while in travel status rather than requesting separate reimbursement for personal calls. Since MDH already pays the

monthly cost for state-issued cell phones, which generally includes enough minutes for business and personal calls while in travel status, MDH saves money by not paying to reimburse personal calls made by other means.

7. Mileage reimbursement is provided when incurred for use of a personal vehicle for business purposes, whether or not the employee is in travel status. Mileage reimbursement is provided under the following conditions:

- a. An employee may claim mileage reimbursement at the current, applicable IRS rate for use of a personal vehicle for business purposes. Instructions for determining the appropriate mileage reimbursement rate can be found [here](#).
- b. An employee may not claim mileage reimbursement to drive to the normal assigned work location.
- c. When an employee does not report to their permanent work location during the day or makes business calls before or after reporting to their permanent work location, the allowable mileage shall be:
 - the lesser of the mileage from the employee's residence to the first stop or from their permanent work location to the first stop;
 - all mileage between points visited on state business during the day;
 - the lesser of the mileage from the last stop to the employee's residence or from the last stop to their permanent work location.

Consult the [MMB policy](#), applicable bargaining agreements, and compensation plans for more information.

- d. Standard mileage amounts can be used for certain common locations in lieu of documenting actual mileage traveled (see standard #10)
- e. MDH employees are encouraged to walk between St. Paul building locations and use virtual meeting options to the greatest extent possible, but may be reimbursed for parking expenses incurred due to necessary business travel between the Golden Rule and Freeman buildings. Information on available state cars, assigned parking spots, and parking passes for use in Golden Rule and Centennial ramps can be found [here](#).

8. Employees traveling on state business cannot accept for personal use any travel benefits issued by lodging facilities, rental car companies, fuel rewards, or airlines.

- a. According to Minnesota Statutes 43A.38, subdivision 2: Employees in the executive branch in the course of or in relation to their official duties shall not directly or indirectly receive or agree to receive any payment of expense, compensation, gift, or reward from any source, except for use by the state for any activity related to the duties of the employee unless otherwise provided by law.
- b. In addition, Minnesota Statutes 15.435, Airline Travel Credit, prohibits state employees and other officials traveling on state business and using commercial airlines from claiming frequent flyer mileage as their own. Frequent flyer miles accumulated as a result of state business travel may only be accepted if the benefit can be accrued to the state and used exclusively for state business travel. All rewards being claimed on behalf of the state must be reported to and monitored by Financial Management.
- c. Employees must certify that they have not accepted personal travel benefits by signing the Authorization for Out of State Travel and the SEMA4 Employee Expense Reimbursement Report forms.

9. The following standards apply to ensuring timely processing of expense reports and to avoiding taxation of reimbursement amounts:

- a. MDH employees requesting reimbursement for business/travel expenses incurred must complete the "SEMA4 Employee Expense Report" using their employee ID#. Non-employees (member of an advisory

committee, board, or a volunteer, etc.) eligible for reimbursement of business/travel expenses must complete this form using their vendor number. A social security number and a completed W-9 are required for issuance of a vendor number to a non-employee.

- b. Employees are responsible for submitting business expense reimbursement requests within 60 days of incurring an expense. Per IRS regulations reimbursements provided after 60 days are taxable income. Employees with job responsibilities requiring travel for business purposes either daily or weekly should routinely submit expense reports to avoid being taxed.
- c. If expenses incurred for a one month period are \$50 or less, those expenses can be included in an expense report submitted the following month, but no later than 60 days after the expense was originally incurred to avoid taxation.
- d. A final report for any outstanding and fiscal year-end expenses through June 30 must be submitted early in July to receive reimbursement. Financial Management will provide specific instructions on process and deadlines before the first week in July each year.
- e. Incomplete and inaccurate expense reports may lead to delays in processing time. Reimbursement will be denied for items that are not allowed by applicable policies, contracts, and laws.

Applicability

Any reference made to "employee" in this procedure includes non-employees such as consultants to the department, members of established advisory committees or boards, and volunteers.

Definitions

FROM FREEMAN BUILDING, MDA/MDH LABORATORIES, AND GOLDEN RULE TO COMMON LOCATIONS

From:

- 625 Robert Street North (Freeman Building) OR
- 621 Robert Street North (MDA/MDH Laboratories) OR
- 85 East 7th Place (Golden Rule Building)

To:

- Minnesota Department of Education (1500 Highway 36 West, Roseville): 17 miles round trip
- Waters Edge - MnDOT (1500 County Rd B-2 West, Roseville): 17 miles round trip
- Minneapolis/St. Paul International Airport: 18 miles round trip
- Minnesota Department of Human Services (444 Lafayette Road North, St. Paul): 2 miles round trip

FROM METRO LOCATIONS TO DISTRICT OFFICES

Mileage is calculated from the official state road map from Freeman/Golden Rule buildings. Mileage from Freeman/MDH Lab/Golden Rule (625 Robert St N., 621 Robert St N, 85 East 7th Place) to District Offices:

- Bemidji 221
- Duluth 147
- Fergus Falls 187

• Mankato	84
• Marshall	154
• Rochester	77
• St. Cloud	73

Procedure Steps

Step No.	Responsible	Procedural Step
1.	Employee	1. If applicable, obtains approval for business/travel through Request to Incur Special Expenses (RAISE) form, Authorization for Out of State Travel form, or other appropriate means before incurring expenses. Uses state travel agency to book flights and hotels. 2. Collects and retains itemized receipts for authorized, allowable expenses incurred. Completes MDH Expense Reimbursement Exception Form and obtains affidavits of no receipt, if needed. 3. Completes the SEMA4 expense report form, signs each page of the report validating the amount claimed. - Enters employee name, address, state ID number, and bargaining unit on each page. - If business/travel expenses are being paid from a budget other than the current budget paying the employee's salary, the new budget information must be filled in completely in the appropriate fields on the SEMA4 form. - The daily description block must identify the reason for the travel, (i.e., attend XYZ conference, XYZ training). Times and dates of departures and arrivals as well as location (destination) must be completed in order to determine reimbursement eligibility. - Supporting documentation such as receipts, MDH Expense Reimbursement Exception Form and affidavits of no receipt, or itineraries, course/conference agendas, etc. should be attached to the expense report. Receipts should be labeled and organized chronologically. 4. Makes and retains copies for their files, and forwards to their supervisor for signature. Financial Management retains the official record of expense reports and accompanying documentation for audit purposes. Employees should retain copies of their submitted expense reports along with accompanying documentation at least

		until they have received reimbursement, or longer at their discretion.
2.	Manager/Supervisor	1. Carefully reviews the expense report for correct totals, required supporting documentation and receipts, and compliance with this policy and applicable bargaining contracts and compensation plans. 2. If the expense report is correct, complete, and appropriate, approves by signing each page of the expense report and forwards to Financial Management. If the expense report is incorrect, incomplete, or includes unallowable expenses, request further information or follow up from the employee.
3.	Financial Management	1. Verifies correct totals and reimbursement rates, required supporting documentation and receipts, and compliance with this policy and applicable bargaining contracts and compensation plans. 2. If the expense report is correct, complete, and appropriate, processes the expense report for payment. If the expense report is incorrect, makes corrections and processes for payment. If the expense report is incomplete, returns to supervisor and employee for required information. If expense report includes unallowable items, deducts the unallowable items from the total and processes reimbursement for the remainder. 3. If adjustments made to the reimbursement amount equal \$10 or more than the amount requested by the employee, notifies the employee and supervisor of the amount of and reason(s) for the difference. 4. Files expense reports/attachments and retains for three years or until an audit, whichever is later.

Related Information

- [MMB Employee Business/Travel Expense Operating Policy and Procedure](#)
- [MDH Travel Out of State Policy](#)
- [MDH Telecommunication Equipment and Services](#)
- [MDH Reimbursement of Conference, Seminar, and Academic Tuition Fees](#)
- [MDH Vehicle Use Policy](#)
- [MDH Use of Rental Car Procedure](#)

History

- Replaced PR509.02 (10/05/2023)