THE UNIVERSITY of TENNESSEE
MUNICIPAL TECHNICAL ADVISORY SERVICE

In cooperation with the Tennessee Municipal League

TECHNICAL bulletin

December 8, 2008

MUNICIPAL TRAVEL POLICY

Updated by Melissa Ashburn, Legal Consultant

State law requires all municipalities with populations less than 100,000 to adopt and file with the state comptroller a travel policy that covers expense reimbursement for elected and appointed officials. One of the requirements of the law is that MTAS "shall disseminate, and amend from time to time as necessary, a model travel and expense policy to provide guidance for the various municipalities." Following are that model policy and two needed forms, approved by the comptroller.

Note: Cities adopting the MTAS model travel policy are required to notify the Comptroller of the Treasury in writing that the policy has been adopted and the date of adoption. *Tennessee Code Annotated* § 6-54-904. A simple letter saying your municipality has adopted the model policy and selected a reimbursement rate (federal or state) will suffice.

Municipalities have the option of writing their own travel and expense policy. If your city does so, you must file the policy with the comptroller.

The law appears to give municipalities the authority to provide vehicles for some elected and appointed officials. If your city provides vehicles, your municipal legislative body *must* adopt a written policy for vehicle use that is separate from the travel and expense policy and contains no other subject matter. MTAS has examples of such policies if you need them.

This technical bulletin includes:

- Highlights of the law on page 2;
- The comptroller-approved model policy in ordinance form on pages 3-4;
- Administrative procedures to adopt along with the ordinance on pages 5-11;
- A model travel authorization form on page 12; and
- A model expense reimbursement form on pages 13-14.

The two forms were developed on WordPerfect and Word and are available on the MTAS Web site. The expense form can be modified slightly so the calculations are automatic.

MTAS is available to help. Just call your local MTAS management or finance consultant.

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MUNICIPAL TRAVEL POLICY

HIGHLIGHTS OF MUNICIPAL TRAVEL AND EXPENSES LAW

1. This law does not apply to municipalities and metropolitan governments above 100,000 population.
2. It includes all cities with populations below 100,000.
3. It covers city boards, city utility boards, boards of education and other boards or committees.
4. MTAS is required to write a model travel and expense policy to guide municipalities. This policy and any amendments are subject to comptroller approval.
5. Any city can write its own travel policy and file it with the comptroller. A travel policy written and adopted by a city does not need comptroller approval, it just has to be filed.
6. If a city wants different travel policies or reimbursement rates for different boards, board members, or employees, it apparently can do that. But the city must write its own policy and file it with the comptroller.
7. If a city adopts the MTAS model, it must decide which travel reimbursement rate schedule (federal or state) to follow and complete the blank line, pass the ordinance and notify the comptroller in writing.
8. Municipalities may provide vehicles for city officials. This sample travel policy *does not* cover the requirement that "a written policy shall be adopted by the municipal legislative body. The written policy for vehicle use shall be separate from the travel and expense policy provided for in the previous sections and shall contain no other subject matter."
9. Travel allowances not supported by adequate documentation are considered compensation. If statute, charter, or private act limits an official's pay, undocumented travel could cause the salary to exceed that limit.

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MUNICIPAL TRAVEL POLICY

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY (TOWN) OF _____, TENNESSEE, TO ESTABLISH TRAVEL REIMBURSEMENT REGULATIONS FOR CITY OFFICIALS AND CITY EMPLOYEES CONDUCTING OFFICIAL BUSINESS.

PURPOSE

The purpose of this ordinance and referenced regulations is to bring the city into compliance with *Tennessee Code Annotated* § 6-54-901–907. This law requires Tennessee municipalities to adopt travel and expense regulations covering expenses incurred by "any mayor and any member of the local governing body and any board or committee member elected or appointed by the mayor or local governing body, and any official or employee of the municipality whose salary is set by charter or general law."

To provide consistent travel regulations and reimbursement, this ordinance is expanded to cover regular city employees. It is the intent of this policy to assure fair and equitable treatment to all individuals traveling on city business at city expense.

ENFORCEMENT

The chief administrative officer (CAO) of the city or his or her designee shall be responsible for the enforcement of these travel regulations.

TRAVEL POLICY

A. In the interpretation and application of this ordinance, the term "traveler" or "authorized traveler" means any elected or appointed municipal officer or employee, including members of municipal boards and committees appointed by the mayor or the municipal governing body, and the employees of such boards and committees who are traveling on official municipal business and whose travel was authorized in accordance with this ordinance. "Authorized traveler" shall not include the spouse, children, other relatives, friends, or companions accompanying the authorized traveler on city business, unless the person(s) otherwise qualifies as an authorized traveler under this ordinance.

B. Authorized travelers are entitled to reimbursement of certain expenditures incurred while traveling on official business for the city. Reimbursable expenses shall include expenses for transportation; lodging; meals; registration fees for conferences, conventions and seminars; and other actual and necessary expenses related to official business as determined by the CAO. Under certain conditions, entertainment expenses may be eligible for reimbursement.

C. Authorized travelers can request either a travel advance for the projected cost of authorized travel, or advance billing directly to the city for registration fees, air fares, meals, lodging, conferences and similar expenses.

   Travel advance requests are not considered documentation of travel expenses. If travel advances exceed documented expenses, the traveler must immediately reimburse the city. It will be the responsibility of the CAO to initiate action to recover any undocumented travel advances.

D. Travel advances are available only for special travel and only after completion and approval of the travel authorization form.

E. The travel expense reimbursement form will be used to document all expense claims.

F. To qualify for reimbursement, travel expenses must be:
   - Directly related to the conduct of the city business for which travel was authorized; and
   - Actual, reasonable and necessary under the circumstances. The CAO may make exceptions for unusual circumstances.

   Expenses considered excessive will not be allowed.

G. Claims of $5 or more for travel expense reimbursement must be supported by the *original* paid receipt for lodging, vehicle rental, phone call, public carrier travel, conference fee and other reimbursable costs.

H. Any person attempting to defraud the city or misuse city travel funds is subject to legal action for recovery of fraudulent travel claims and/or advances.

I. Mileage and motel expenses incurred within the city are not ordinarily considered eligible expenses for reimbursement.

TRAVEL REIMBURSEMENT RATE SCHEDULES

Authorized travelers shall be reimbursed according to the _____ [*enter either federal or state of Tennessee*] travel regulation rates. The city's travel reimbursement rates will automatically change when the _____ [*federal or state*] rates are adjusted.

The municipality may pay directly to the provider for expenses such as meals, lodging and registration fees for conferences, conventions, seminars and other education programs.

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ADMINISTRATIVE PROCEDURES

The city adopts and incorporates by reference — as if fully set out herein — the administrative procedures submitted by MTAS to, and approved by letter by, the Comptroller of the Treasury, State of Tennessee. A copy of the administrative procedures is on file in the office of the city recorder.

This ordinance shall take effect upon its final reading by the municipal governing body. It shall cover all travel and expenses occurring on or after the date of adoption.

THIS ORDINANCE IS ADOPTED THIS _____ DAY OF _____, 2008.

Signed: _____
Mayor

Attested: _____

NOTES

- To help cities decide which reimbursement rate to choose, a summary rate comparison is on page 9 of this bulletin.
- If a city decides not to adopt this model travel policy and the administrative procedures that follow, then that city *must* prepare and file its own travel policy with the comptroller.
- If your city would like a copy of the comptroller's approval letter of the MTAS policy, contact MTAS.

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MUNICIPAL TRAVEL POLICY

ADMINISTRATIVE PROCEDURES

TRAVEL REQUESTS

To ensure reimbursement for official travel, an approved travel authorization form is required. Lack of pre-approval does not prohibit reimbursement, but it does assure reimbursement within the limits of the city travel policy. All costs associated with the travel should be reasonably estimated and *shown* on the travel authorization form. An approved authorization form is needed before advanced expenses are paid or travel advances are authorized. A copy of the conference program, if applicable, should be attached to the form. If the program is not available prior to the travel, submit it with the reimbursement form.

TRAVEL DOCUMENTATION

It is the responsibility of the authorized traveler to

1. Prepare and accurately describe the travel;
2. Certify the accuracy of the reimbursement request;
3. Note on the reimbursement form all direct payments and travel advances made by the city; and
4. File the reimbursement form with the necessary supporting documents and original receipts.

The reimbursement form should be filed with the finance department within 10 days of return or at the end of the month, whichever is more practical.

Transportation

All potential costs should be considered when selecting the modes of transportation. For example, airline travel may be cheaper than automobile when time away from work and increased meal and lodging costs are considered. When time is important, or when the trip is so long that other modes of transportation are not cost beneficial, air travel is encouraged.

If the traveler goes outside the state by means other than air, the reimbursement will be limited to air fare at tourist or economy class, ordinary expenses during the meeting dates, and one day's meals and motel before and after the meeting. The traveler will be required to take annual leave for any additional time taken beyond the day before and the day after the meeting dates.

Exceptions: When the traveler extends the trip with personal time to take advantage of discount fares, the reimbursement will be limited to the lesser of the:

1. Actual expenses incurred; or
2. Amount that would have been incurred for the business portion only. The calculations for the business portion of the trip must be made using the least expensive rates available.

All expenses and savings associated with extending the trip must be submitted with the expense reimbursement form.

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A. Air

When possible, the traveler should make full use of discounts for advance airline reservations and advance registration. The traveler should request conference, government, or weekend rates, whichever is cheaper, when making lodging or rental car reservations. The city will pay for tourist or economy class air travel. The traveler should get the cheapest reasonable fare and take advantage of discount fares. Airline travel can be paid by direct billing to the city.

Mileage credits for frequent flyer programs accrue to the individual traveler. However, the city will not reimburse for additional expenses — such as circuitous routing, extended stays, layovers to schedule a particular carrier, upgrading from economy to first class — for travelers to accumulate additional mileage or for other personal reasons.

The city will not reimburse travel by private aircraft unless authorized in advance by the CAO.

B. Rail or Bus

The city will pay for actual cost of ticket.

C. Vehicles

Automobile transportation may be used when a common carrier cannot be scheduled, when it is more economical, when a common carrier is not practical, or when expenses can be reduced by two or more city employees traveling together.

• **Personal Vehicle.** Employees should use city vehicles when possible. Use of a private vehicle must be approved in advance by the CAO. The city will pay a mileage rate not to exceed the rate allowed by the federal or state schedule, whichever the city adopts. The miles for reimbursement shall be paid from origin to destination and back by the most direct route. Necessary vicinity travel related to official city business will be reimbursed. However, mileage in excess of the Rand McNally mileage must be documented as necessary and business-related. If an indirect route is taken, the Rand-McNally mileage table will be used to determine the mileage to be reimbursed.

If a privately owned automobile is used by two or more travelers on the same trip, only the traveler who owns or has custody of the automobile will be reimbursed for mileage. It is the responsibility of the traveler to provide adequate insurance to hold harmless the city for any liability from the use of the private vehicle.

In no event will mileage reimbursement, plus vicinity travel and associated automobile costs, exceed the lowest reasonable available air fare and associated air fare travel costs.

Travelers will not be reimbursed for automotive repair or breakdowns when using their personal vehicle.

• **City Vehicle.** The city may require the employee to drive a city vehicle. If a city vehicle is provided, the traveler is responsible for seeing that the vehicle is used properly and only for acceptable business. The employee will be reimbursed for expenses directly related to the actual and normal use of the city vehicle when proper documentation is provided. Out-of-town repair cost to the city vehicle in excess of $100 must be cleared with the proper city official before the repair is authorized.

• **Rental Cars.** Use of a rental car is not permitted unless it's less expensive or otherwise more practical than public transportation. Approval of car rental is generally required in advance by the CAO. Always request the government or weekend rate, whichever is cheaper. Anyone who uses a rental car for out-of-state travel must obtain liability coverage from the vendor.

• Fines for traffic or parking violations will not be reimbursed by the city.

• Reasonable tolls will be allowed when the most direct travel route requires them.

D. Taxi, Limousine and Other Transportation Fares

When an individual travels by common carrier, reasonable fares will be allowed for necessary ground transportation. Bus or limousine service to and from airports should be used when available and practical. The city will reimburse mileage for travel to and from the local airport and parking fees, provided such costs do not exceed normal taxi/limousine fares to and from the airport. Receipts are required.

For travel between lodging quarters and meetings, conferences, or meals, reasonable taxi fares will be allowed. Remember, *original* receipts are required for claims of $5 or more. Transportation to and from shopping, entertainment, or other personal trips is the choice of the traveler and not reimbursable.

Reimbursement claims for taxis, limousines, or other ground transportation must be listed separately on the expense form, claiming the destination and amount of each fare.

Lodging

The amount allocated for lodging shall not ordinarily exceed the maximum per diem rates authorized by the federal or state rate schedule, whichever is chosen by the city.

A. If the city reimburses using the federal rates, the Government Services Administration provides guidelines for determining the maximum that can be reimbursed for lodging. These amounts are available on line at http://www.gsa.gov. The rates are the maximum reimbursable rates for hotel rooms plus appropriate taxes.

If the city chooses Tennessee's reimbursement rate, the amount varies according to location, and does not include appropriate taxes. State rates for travel reimbursement can be found in the state regulations online at www.state.tn.us/finance/act/policy8.pdf.

B. Original lodging receipts must be submitted with the reimbursement form. *Photocopies are not acceptable*.

C. If a traveler exceeds the maximum lodging per diem, excess costs are the responsibility of the traveler.

D. If the best rate is secured, and it still exceeds the maximum lodging per diem, the CAO may authorize a higher reimbursement amount.

   Even if it costs more, travelers may be allowed to stay at the officially designated hotel of the meeting; however, more moderately priced accommodations must be requested whenever possible. It will be the traveler's responsibility to provide documentation of the "officially designated meeting site" room rates, if these rates are higher than the normal reimbursable amounts.

E. If two or more city employees travel together and share a room, the lodging reimbursement rate will be the maximum of two single rooms. If an employee shares a room with a non-employee, the actual cost will be allowed up to the maximum reimbursable amount. The receipt for the entire amount must be submitted with the expense form.

Meals and Incidentals

Receipts are not required for meals and incidentals. The authorized traveler may be reimbursed the daily amount based on the rate schedule and the authorized length of stay. The per diem meal amounts are expected to cover meals, tips, porters and incidental expenses. The authorized traveler will not be reimbursed more than this.

Whether meals may be claimed depends on when the traveler leaves and returns to the official station. The traveler's official station is home or work, whichever produces the least cost to the city. When partial day travel is involved, the current per diem allowance is determined as follows:

MEAL	IF DEPARTURE BEFORE	IF RETURN AFTER
Breakfast	7 a.m.	8 a.m.
Lunch *	11 a.m.	1:30 p.m.
Dinner **	5 p.m.	6:30 p.m.

** Generally, lunch will not be reimbursed unless overnight travel is involved. Lunch may be reimbursed if departure is before 11 a.m. and the employee is eligible to be reimbursed for dinner.*

*** When overnight travel is involved, dinner reimbursement is made regardless of departure time.*

Regardless of which reimbursement rate the city uses, the amounts include tip, gratuity, etc. The hour and date of departure and return must be shown on the expense reimbursement form.

The excess cost of an official banquet may be allowed provided proper documentation or explanation is submitted with the expense reimbursement form. If a meal is included as part of a conference or seminar registration, or is included with the air fare, then the allowance for that meal should be subtracted from the total allowance for the day. For example, if a dinner is included as part of the conference fee, the maximum meal allowance for the day should be reduced by the allowed dinner amount.

PLEASE NOTE:

The municipality has selected to reimburse travelers at the _____ [*enter either federal or state*] travel regulation rates. The city's rates will automatically change when the selected agency rates are adjusted.

Miscellaneous Expenses

A. Registration fees for approved conferences, conventions, seminars, meetings and other educational programs will be allowed and will generally include the cost of official banquets, meals, lodging and registration fees. Registration fees should be specified on the original travel request form and can include a request for pre-registration fee payment.
B. The traveler may be reimbursed for personal phone calls while on official travel, but the amount will be limited to $5 per day.
C. A $4 allowance will be reimbursable for hotel/motel check-in and baggage handling expenses.
D. Laundry, valet service, tips and gratuities are considered personal expenses and are not reimbursable.
E. For travel outside the United States, all expenses claimed must be converted to U.S. dollars. The conversion rate and computation should be shown on each receipt.

Entertainment

The city may pay for certain entertainment expenses provided that the:

A. Entertainment is appropriate in the conduct of city business;
B. Entertainment is approved by the CAO;
C. Group or individuals involved are identified; and
D. Documentation is attached to the expense form to support the entertainment expense claims.

To request reimbursement for authorized entertainment expenses, be sure to include with the expense reimbursement form:

A. Required receipts. All requests must be supported by original receipts from the vendor (restaurant, caterer, ticket office, etc.) Reasonable tips and gratuities included on the receipt *by the vendor* are reimbursable.

B. A disclosure and explanation statement, explaining the purpose of the entertainment and identifying the group and the number of people entertained (or individual names listed if not a recognized group).

If the CAO is the person filing the claim, then it must be approved by the governing board before the finance officer authorizes payment.

TRAVEL RECONCILIATION

A. Within 10 days of return from travel, or by the end of the month, the traveler is expected to complete and file the expense reimbursement form. It must be certified by the traveler that the amount due is true and accurate. Original lodging, travel, taxi, parking and other receipts must be attached.

   If the city provided a travel advance or made advanced payment, the traveler should include that information on the expense form. In the case of advances, the form should have a reconciliation summary, reflecting total claimed expenses with advances and city pre-payments indicated. The balance due the traveler or the refund due the city should be clearly shown below the total claim on the form or in a cover memo attached to the front of the form.

B. If the traveler received a travel advance and spent less than the advance, the traveler should attach a check made payable to the city for that difference.

C. The CAO will address special circumstances and issues not covered in this ordinance on a case-by-case basis.

DISCIPLINARY ACTION

Violation of the travel rules can result in disciplinary action for employees. Travel fraud can result in criminal prosecution.

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MUNICIPAL TRAVEL POLICY

AUTHORIZATION FOR TRAVEL

CITY OF

I hereby request authority for travel on official city business to the destination on the dates and for the purpose indicated below.

DATE	CITY & STATE	HOTEL ADDRESS	PURPOSE OF TRIP

Accompanied By

APPLICANT Department Account

Signature _____

Total Estimated Cost of Travel $

SPECIAL FUNDING REQUESTS (Select items requested.)

- ☐ Registration Prepayment
- ☐ Prepaid Airline Tickets
- ☐ Travel Advance of $

APPROVAL (Please note: Approval of travel requests by the signatory below indicates that adequate funding is provided in appropriations to cover the estimated costs of this travel.)

Signature _____ Signature _____
Department Head Chief Administrative Officer

THE UNIVERSITY of TENNESSEE
MUNICIPAL TECHNICAL ADVISORY SERVICE

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CITY OF _____ Form T-2

STATEMENT of EXPENSE CLAIMS incurred while traveling on city business

NAME:	ADDRESS:
SOCIAL SECURITY NO.	
AMOUNT TO PAY:	ZIP CODE

Date Mo	Day	Year	DESCRIPTION	AMOUNT		ACCOUNT NAME	ACCOUNT NUMBER	OBJECT CODE	AMOUNT
			TRAVEL		1				
					2				
					3				

Object of Trip:

Departure Date: _____ Hour: ____ Return Date: _____ Hour: ____

Date Mo.	Day	Where Incurred	Lodging	Break-fast	MEALS Lunch	Dinner	Trans-portation	Other Expenses Taxi, phone, entertainment, etc. Amount		Total each line
		Total each column						Total each column		

If an adjustment is made a supplemental expense account may be filed when proper documentation has been obtained. The original reimbursement check number should be referenced when filing a supplemental claim.
Check No.

APPROVED _____
HEAD OF DEPARTMENT DATE

APPROVED _____
MAYOR/MANAGER DATE

I certify that the above stated expenses were incurred by me while traveling on City business.

ror is found, please return for correction. (Otherwise the necessary adjustment w

(SIGNATURE)

(TITLE)

PLEASE STAPLE RECEIPTS TO THIS FORM

THE UNIVERSITY of TENNESSEE
MUNICIPAL TECHNICAL ADVISORY SERVICE

December 8, 2008
MUNICIPAL TRAVEL POLICY

Form T-2

STATEMENT OF EXPENSE CLAIMS
incurred while traveling on city business

CITY OF

NAME:	ADDRESS:
SOCIAL SECURITY NO.:	
AMOUNT TO PAY: $ 0.00	CITY, STATE, ZIP

DATE Month-Day-Year	DESCRIPTION	AMOUNT		ACCOUNT NAME	ACCOUNT NUMBER	OBJECT CODE	AMOUNT
	Travel		1				
			2				
			3				

Object of Trip:

Departure Date: **Hour:** **Return Date:** **Hour:**

DATE Month-Day	Where Incurred	Lodging	MEALS			Trans-portation	OTHER EXPENSES		TOTAL each line
			Break-fast	Lunch	Dinner		Taxi, phone, entertainment, etc.	Amount	
									$0.00
									$0.00
									$0.00
									$0.00
									$0.00
									$0.00
									$0.00
									$0.00
									$0.00
									$0.00
									$0.00
									$0.00
									$0.00
	TOTAL each column:	$0.00	$0.00	$0.00	$0.00	$0.00	**TOTAL each column:**	$0.00	$0.00

If an adjustment is made, a supplemental expense account may be filed when proper documentation has been obtained. The original reimbursement check number should be referenced when filing a supplemental claim.

Original check number:

Approved: _____
Department Head Date

Approved: _____
Mayor/Manager Date

I certify that the above-stated expenses were incurred by me while traveling on city business.

☐ If checked, please return for correction of any errors. Otherwise the necessary adjustment will be made.

Signature: _____

Title: _____

PLEASE STAPLE RECEIPTS TO THIS FORM.

THE UNIVERSITY of TENNESSEE

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MUNICIPAL TECHNICAL ADVISORY SERVICE

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