

SOUTHWESTERN LAW SCHOOL

L O S A N G E L E S

Expense Reimbursement Guidelines

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Related policies: Faculty Travel and Professional Development Policy (under development); Advocacy Coaches Training; Missing/Inadequate Documentation Report Form; Credit Card Policy for Employees; Credit Card Policy for Students

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A. Background

This policy applies to all Southwestern Law School faculty, staff, and students. It does not apply to advocacy team coaches traveling to competitions; advocacy team coaches should follow the guidance provided by the Student Affairs Office.

This policy states the requirements for Southwestern employees and students to be reimbursed for business-related expenses purchased with personal funds or using a Southwestern corporate credit card. It will help ensure that employees and students who incur valid business expenses are reimbursed in a fair and equitable manner; that business expenses are reported, recorded, and reimbursed in a consistent manner; and that Southwestern complies with all applicable federal, state, and local rules and regulations.

B. Responsibilities

All Southwestern employees and students who plan to seek reimbursement from Southwestern are responsible for reviewing and following this policy. Southwestern department heads, deans, and employees with student organization oversight duties are responsible for promoting an understanding of this policy and taking appropriate steps to help ensure and enforce compliance.

1. Individuals seeking reimbursement

Individuals who seek reimbursement are responsible for spending funds only for which a budget exists, maintaining the required receipts and other supporting documentation, providing a legitimate business purpose for each purchase, and submitting all required documents for reimbursement within 60 calendar days of incurring the expense.

2. Department heads, deans, and employees with student organization oversight duties

Department heads, deans, and employees with student organization oversight duties are responsible for reviewing and approving expense reimbursements, which includes approving both the purchase itself and the business purpose of the transaction and confirming the appropriate budget to charge.

3. Accounting office

The Accounting Office is responsible for reviewing all transactions to ensure compliance with this policy and the Accountable Plan requirements in Section D below. In addition, the Accounting Office will confirm that all necessary approvals have been received.

C. Eligible Expenses and Substantiation

1. Eligible business expense

To be reimbursed, a business expense must have received appropriate approvals where required and be: (a) necessary to perform a valid business purpose fulfilling the mission of Southwestern; (b) reasonable in that the expense is not extreme or excessive and reflects a prudent decision to incur the expense; (c) supported by a budget; and (d) appropriate in that the expense is suitable and fitting in the context of the valid business purpose.

2. Itemization and receipts

Reimbursement requests must be itemized, clearly separating categories such as transportation, lodging, meals, etc. Requests must also include digitally generated receipts, digital copies of original receipts, or other vendor-generated documents that show type of expense, amount of expense, and the date the expense was incurred.

Southwestern prefers to have receipts for all expenses submitted for reimbursement; however, it will reimburse employees, but not students, for approved expenses under \$25 without receipts. For employees, expenses that exceed \$25 without corresponding receipts or other adequate documentation cannot be reimbursed unless the employee completes a Missing/Inadequate Documentation Report Form. For students, any expenses without corresponding

receipts or other adequate documentation cannot be reimbursed unless the student completes a Missing/Inadequate Documentation Report Form.

3. Southwestern corporate credit card

Employees and students who have been issued a Southwestern corporate credit card should also refer to the applicable Credit Card Policy.

4. International travel

For international travel, the individual seeking reimbursement or their designee should work with the Accounting Office before submitting receipts to convert expenses into U.S. dollars using the correct formula.

D. IRS Accountable Plan, Timely Submission, and Taxable Income

Southwestern follows the IRS "Accountable Plan" expense reimbursement guidelines, which allows Southwestern to reimburse business expenses without including the payment amount in the taxable income of the individual incurring the expense. To comply with IRS guidelines regarding timely submission:

- Expense reimbursements related to travel and lodging are treated as a non-taxable reimbursement when submitted within 60 calendar days of the trip return date and all other reimbursement requirements of this policy are met.
- Non-travel related expense reimbursements are treated as a non-taxable reimbursement when submitted within 60 calendar days of the transaction date and all other reimbursement requirements of this policy are met.
- Individuals must return any excess reimbursement within 60 calendar days of the expense reimbursement.

Expense reimbursements may be treated as a taxable reimbursement when reimbursements are submitted more than 60 days after the transaction date or, for travel and lodging expenses, the trip return date. Any excess reimbursements not returned within 60 calendar days may be considered gross income subject to withholding and reported on a Form W-2.

When an employee or student submits an expense reimbursement request after 60 calendar days, the employee or student must also submit a written explanation for the delay (e.g., illness) that the Accounting Office can have on file for inspection by the external auditors.

Southwestern retains the discretion not to reimburse employees or students for events or activities that occurred in the prior fiscal year when the employee or student seeks reimbursement for that expense after the fiscal-year deadline established by the Accounting Office.

E. Refunds

If an employee or student receives a refund for any amount paid for or reimbursed by Southwestern, the employee or student must promptly pay the refund amount to Southwestern.

F. High-Risk Payment Processors

Southwestern does not encourage the use of high-risk payment processors, such as PayPal and Venmo, which allow electronic fund transfers to private parties. Using a high-risk payment processor is not allowed if the vendor:

- requires a Form 1099 from Southwestern;
- accepts payments via check or ACH deposits; or
- can process credit card payments via different methods.

In the unusual case, when payment is made via mobile or online payment processors (such as PayPal, Venmo, etc.), all transactions must be supported with receipts that meet Southwestern's receipt requirements, regardless of the transaction amount. Detailed transaction descriptions must be included with all transactions.

G. Travel Expenses

Any mode of transportation should be the most economical one suitable for the purpose of the trip.

1. Air travel

Southwestern will cover the reasonable cost of a non-refundable, roundtrip coach or economy ticket (whether direct, nonstop, or connecting) to the event, which typically means that the ticket was purchased at least 21 days in advance of travel. If multi-city travel is anticipated, employees must provide advance notice to their department head, and faculty should include that information in their advance notice to the Associate Dean for Academic Innovation and Administration.

Southwestern will reimburse only the cost of flights, fees paid for seat selection in the economy section, in-flight wifi when the employee or student certifies in the reimbursement request they were working on Southwestern projects, and two checked bags. Fees paid to travel agents, to upgrade seating, for in-flight entertainment services, alcohol, or for complementary services such as early boarding are not eligible for reimbursement absent advance written approval by the Dean.

Southwestern will not reimburse employees or students who travel using reward points or miles and then seek the cash value of those reward points or miles.

Southwestern retains discretion to require that an employee or student submit boarding passes for all segments of the trip or other evidence of travel (e.g., hotel folio show a \$0 balance, etc.).

A faculty member may seek reimbursement for airfare purchased on a faculty member's personal credit card before the date of travel; these purchases will be considered travel advances. To clear the advance, the faculty member should submit an expense report within 60 days of completing the travel and should submit evidence that the travel occurred (e.g., boarding passes, hotel folio, conference badge).

Any frequent-flier miles or other travel incentives earned accrue to the traveler, not to Southwestern.

2. Rail travel

Southwestern will reimburse an employee or student for the cost of economy class rail travel. However, absent advance approval by the Dean, Southwestern will not reimburse the employee or student more than it would have cost to travel using coach or economy air travel. The receipt for the train ticket is required for reimbursement.

3. Personal vehicle

Southwestern will reimburse employees and students for mileage when a personal vehicle is used on Southwestern-related business that is properly authorized, reasonable, and appropriately documented.

If the mileage is not connected with an overnight business trip, the mileage reimbursement will be calculated using the AAA (Automobile Club of Southern California) mileage estimate or the roundtrip coach or economy airfare amount, whichever is less, and will be reduced by the employee's or student's standard commute when traveling between their residence and Southwestern.

Southwestern will reimburse the employee or student at the current rate approved by the IRS on the date of travel. Fuel and other vehicle expenses are not eligible expenses, as the mileage allowance includes these expenses.

An employee's or student's personal vehicle liability insurance is the primary coverage when using a personal vehicle on school-related business. If the liability limits become exhausted following an accident occurring while on school-related business, Southwestern's policy provides a second layer of liability coverage, subject to the policy's terms, conditions, and exclusions. Southwestern will not compensate individuals for physical damage to their personal vehicle.

Accordingly, Southwestern encourages employees or students who plan to use their personal vehicle for business travel to purchase physical damage protection for that vehicle; such insurance is not required by law and is an optional coverage.

4. Rental vehicles

Employees and students may rent a vehicle when driving is more convenient and no more expensive than airline travel; driving is necessary to transport large or

bulky materials; driving is more economical than public transportation modes due to multiple locations to visit in the destination city; or other surface transportation is not practical. When a rental vehicle is used as the primary transportation mode to a professional event, Southwestern typically will not reimburse an employee for a vehicle rental that exceeds the maximum cost of allowable air travel.

Moreover, Southwestern typically will not reimburse an employee or student for a rental vehicle in cities where rideshares and public transportation are readily available (e.g., New York City; Washington, D.C.; etc.). To avoid doubt, faculty members should consult in advance with the Associate Dean for Academic Innovation and Administration; staff should consult with the Chief Financial Officer; and students should consult with the Student Affairs Office.

An employee or student should purchase the liability insurance offered by the rental vehicle company, including supplemental liability protection, and should purchase any loss damage waiver.

Southwestern will not reimburse employees or students for pre-purchased fuel options or charges associated with the employee or student not refilling the gas tank before returning the vehicle.

The car rental agreement receipt is required for reimbursement.

5. Ground transportation and parking

Southwestern will reimburse reasonable ground transportation costs, e.g., airport parking, hotel parking, taxis, rideshares (unless the traveler has a rental vehicle), shuttles, buses, and metro/subway.

6. Lodging

Southwestern will reimburse employees or students for the cost of a single room in the conference hotel or another hotel that allows easy access to the event or activities. If the event offers a special rate with one or more hotels, this rate will serve as the cap for reimbursement, unless the room block sold out. The room booked must be at the conference rate. Travelers will not be reimbursed for "no show" charges except under extenuating circumstances, which must be documented in the expense report. If another hotel has a rate that is within 10% of the hotel with an event special rate, the employee may select the other hotel.

Lodging expenses are reimbursable only for the cost of the room, local tax, and mandatory fees.

Southwestern may reimburse employees for peer-to-peer lodging services, such as AirBnb and VRBO, but employees are responsible for researching the safety and security of any property reserved. Southwestern will reimburse an employee for this type of lodging only after the travel has concluded, and the cost reimbursed cannot exceed the cost of a single hotel room associated with or near the conference. (The traveler must submit one or more hotel comparators with their reimbursement request.) In addition, Southwestern will not pay for costs such as pet fees, extra cleaning fees, etc. Please note that while hotels and other

commercial properties carry insurance that covers their guests in case of injury or property loss, the type of properties offered via AirBnb and similar services vary widely in the type of coverage available for guests (if they offer any at all). In addition, peer-to-peer cancellation policies may vary widely, and Southwestern may refuse to reimburse an employee or student for no-show charges for peer-to-peer lodging reservations.

Some meetings, e.g., the AALS Annual Meeting, may have a specific cap for reimbursement as set forth by the Academic Administration Office.

An employee or student must submit the detailed lodging folio or bill showing it has been paid in full (\$0 balance) when seeking reimbursement.

7. Per diem for personal meals and incidentals

In lieu of submitting actual receipts for personal meal and incidental (M&I) expenses while traveling, an employee or student may request daily reimbursement at the approved per diem M&I rate established by the U.S. General Services Administration (GSA) for domestic locations or the approved per diem M&I rate established by the Department of State for foreign locations. Personal meals are meal expenses incurred by an employee or student dining alone while **traveling overnight** on Southwestern business or by a Southwestern employee who has paid the bill for other Southwestern employees or students who are traveling overnight with the individual on Southwestern business.

The reimbursement allowed for the first and last day of travel is limited to 75% of the daily rate. Notwithstanding the foregoing, at times when student competitors must travel on the day of competition, the reimbursement rate is increased to 100% of the daily rate.

Employees are required to reduce their daily per diem reimbursement request for meals provided by another source (i.e., meals included at a conference, provided by another individual, etc.) by the component rate(s) listed at the websites below. No receipts are required when requesting reimbursement under the per diem allowance. **Southwestern will not reimburse for alcohol at personal meals.**

M&I per diem rates differ by travel location. Please visit <https://www.gsa.gov/travel/plan-book/per-diem-rates> to view the current M&I per diem rates by travel location for domestic locations. Please visit https://aoprals.state.gov/web920/per_diem.asp to view the current M&I per diem rates by travel location for foreign locations. Students must work with the Student Affairs Office to research and identify correct M&I per diem rates and must submit evidence of the correct rates along with their request for expense reimbursement to the Accounting Office. Employees must work with their department head or a Vice Dean to research and identify correct M&I per diem rates and must submit evidence of the correct rates along with their request for expense reimbursement to the Accounting Office.

“Incidentals” refers to small fees and tips that are not part of meal, lodging, or flight expenses; examples include tips for hotel housekeepers, hotel bellhops, or airport luggage handlers.

Alternatively, travelers may submit receipts and other documentation for all meals and incidentals with their request for reimbursement. The reasonableness of those expenses will be measured in part by the per diem rates for the travel city.

8. Foreign transaction fees

Foreign transaction fees are a predetermined percentage charged by a credit card issuer for making a purchase from a foreign merchant. Southwestern will reimburse these fees for purchases that are reimbursable under this policy. This reimbursement will be in addition to the per diem amount. For employees who regularly travel internationally, Southwestern encourages using a credit card with no foreign transaction fees.

H. Non-Travel Expenses

1. Registration fees

For any event that requires a registration fee, Southwestern will reimburse the employee or student for the basic registration fee. Employees and students are encouraged to take advantage of early-bird and other discounted rates.

Additional fees, such as separate meetings and workshops, special meals, and receptions, will be approved on a case-by-case basis.

Southwestern will not reimburse employees or students for late fees except in extraordinary circumstances as determined by the Dean.

Southwestern typically will not reimburse an employee or student when they fail to attend a conference for which they registered, barring an emergency beyond the employee’s or student’s control. Even with emergency circumstances, Southwestern expects the employee or student to contact the event host and request a refund of the conference fee based on the emergency circumstances.

2. Business meals

Business meals are meals during which a specific, authorized Southwestern business discussion takes place. Typically, at least one person who is not a current Southwestern employee or student must be present at the meal. When more than one Southwestern employee is present during a meal, the senior employee of the department sponsoring the meal generally is responsible for paying the bill and seeking reimbursement. Supporting documentation submitted for reimbursement must list the individuals or group in attendance, their business affiliation, and a summary of the school-related business discussed. Both a detailed statement displaying all items ordered and evidence of payment in the form of a credit card sales draft or cash register receipt must be submitted for reimbursement.

When not traveling on Southwestern business, meals between two or more employees or students when routine business issues are discussed are generally not reimbursable.

3. Other expenses

All other reasonable event-related expenses, such as printing or copying charges, wifi connection fees (including during flights), shipping expenses, etc. will be reimbursed at the actual cost, with proper substantiation.

I. Non-Reimbursable Expenses (non-exhaustive list)

Non-Reimbursable Expenses refer to those expenses that are not related to any activity of Southwestern, are not required in carrying out an individual's task or responsibility at work, or do not benefit Southwestern. In addition to non-reimbursable expenses noted above, Southwestern will not reimburse employees or students for the following types of expenses:

- alcohol, except for business meals as set forth above, without the Dean's prior written permission;
- vehicle repairs or other vehicle expenses (e.g., vehicle washes, maintenance, fuel, etc.);
- weapons and ammunition;
- hazardous materials;
- political contributions;
- adult entertainment;
- any fraudulent expense;
- medical expenses (e.g., doctor's visits; prescription or over-the-counter medications; etc.) and controlled substances;
- any item prohibited by or illegal under local, state, or federal law;
- first class tickets or airline class upgrades without the Dean's prior written permission;
- spa treatments or gym passes;
- costs to participate in frequent flier or other travel incentive programs;
- entry passes to first-class or similar airport or travel lounges;
- house-sitting, child-care, elder-care, other caregiving, or pet-sitting expenses;
- lost or damaged personal items (e.g., cell phone, briefcase, etc.);
- traffic, parking, or toll violations;
- passport fees;
- Global Online Enrollment fees or fees to companies, like Clear, that expedite time in security lines;
- non-Southwestern related sightseeing or other personal side trips;

- personal care items (e.g., toiletries, massages, or haircuts/styling, etc.);
- clothing and accessories (e.g., umbrellas, gloves, hats, bags);
- personal entertainment (e.g., concerts books, magazines, newspapers, hotel room movies, sporting events, etc.) (Southwestern has discretion to reimburse for academic- and service-focused field trips and cultural events that are associated with the academic event);
- mileage for travel between personal residence and Southwestern;
- laundry services on trips less than four consecutive travel days;
- travel insurance not approved in advance by the General Counsel or Associate Dean for Risk Management and Operations; or
- expenses associated with the personal portion of any dual-purpose trip.

J. Reimbursement for Travel Canceled or Travel Expanded Due to COVID-19

Travel during a pandemic or other public-health crisis presents unique circumstances that may require an employee or student to cancel travel unexpectedly. For example, an employee or student tests positive for travel after booking a trip and cannot then attend the event.

Accordingly, travelers are permitted to purchase travel insurance. The amount for travel insurance must fall within the available budget for the trip. Please verify that the insurance provides coverage for COVID-related or other public-health-related events before purchasing.

Any individual canceling school travel that would have been otherwise reimbursable (and if not covered through travel insurance) must ask the airline or travel provider for a refund or a voucher for future travel. If a refund or voucher is not available, and cancellation fees are incurred, the employee or student member must submit proof of the charges with the reimbursement request.

All reimbursement requests for canceled travel must include a) appropriate documentation for the reason the trip was canceled, b) evidence that the ticket or cost was non-refundable/non-changeable, and c) a description of efforts to obtain a refund. Credits or vouchers received for unused airline tickets, hotels, etc. should be used for future Southwestern business, if possible. If a credit is used for personal purposes, the individual must reimburse Southwestern for the credit.

If a traveler is not able to return as scheduled due to an illness, the traveler may submit additional nights of lodging, additional meals, and airline or other travel changes for reimbursement. Southwestern may ask that the traveler submit proof of a positive COVID test or a note from a health provider to substantiate the reason for the additional travel days.

K. Violations

1. Employees

An employee who fails to comply with this policy and related policies may be subject to disciplinary action. Disciplinary action could include a warning,

termination of employment, and referral to law enforcement. Expenses submitted for reimbursement that are deemed in violation of this policy may not be approved or reimbursed.

2. Students

A student who fails to comply with this policy and related policies may be subject to disciplinary action. Disciplinary action could include a warning, referral for disciplinary process under the Student Honor Code, suspension, expulsion, and referral to law enforcement. Expenses submitted for reimbursement that are deemed in violation of this policy may not be approved or reimbursed.