FIN 6.13.03 Payment Methods for Travel

Accounting Administrative Procedure

The following provides additional guidance on the acceptable payment methods for travel.

Receipt or invoice based purchases

For travel expenses for which the City requires a receipt or an invoice for payment (e.g. airfare and other transportation expenses booked in advance, lodging, conference registration fees, and vehicle rentals), the City requires direct payment, whenever possible - either through direct invoicing to the City and payment via the City's financial systems, or by using a City procurement card for the purchase.

Travelers should work with bureau travel coordinators and bureau finance and operations staff to arrange for direct billing and payment. In limited circumstances, a traveler may pay using a personal method of payment (credit card, debit card check, cash) if direct payment is not feasible. Certain situations, e.g. paying for transit fare, may not allow for direct payment.

For receipt or invoice based purchases, if the traveler uses a personal credit card that provides "points", "cash-back" or other bonus provisions to the cardholder, those benefits are considered part of the employee's official compensation package. The traveler is responsible for calculating and reporting the tax implications, if any, for additional benefits received as a result of using a personal credit card; the City will not issue a separate Form 1099-MISC. The City is also not responsible for any interest incurred on charges made on the traveler's personal credit card and cannot expedite reimbursement payments in order to meet personal credit card payment deadlines.

Bureaus should consider issuing procurement cards to frequent travelers (one or more times per year) for their use for travel payment needs.

Airfare Example:
The City can pay for airfare in one of two ways – through direct payment when using the City Travel Agent or through us of a city-issued procurement card. If a traveler has a procurement card, they can make the payment themselves; if the traveler does not, the bureau travel coordinator or other bureau finance and operations staff member can make the payment. Because airfare is always purchased in advance, there should be no situations in which a traveler would need to, or be allowed to, use a personal payment method for airfare.

Lodging Example:
The City should arrange to pay for the room rate directly when booking lodging accommodations – either through pre-payment using a City procurement card, having the traveler use his/her City-issued procurement card, or making arrangements to have the charges paid at the time of travel via a bureau procurement card. Generally, a traveler's personal credit card should only be used for incidentals (in-room movies, etc.) not covered by the City. On occasion, hotels may not allow for pre-payment or allow for the charges to be made to the credit card used at the time of reservation if the card was not issued in the name of the visiting traveler. In that case, a traveler

may use a personal payment method and be reimbursed for the expense. The traveler is responsible for reporting for tax purposes any benefits that may accrue to them as a result.

Per diem and vehicle mileage reimbursement

Per diem for Meals and Incidental Expenses (M&IE) and vehicle mileage reimbursement for use of a personal vehicle for City business are not based on receipts or invoices, but rather, based on standard rates established by federal agencies. Since the City is not reimbursing for direct expenses and does not require receipts, the traveler may use any method of payment. Purchases made are at the traveler's discretion and any "points" received due to the traveler's choice of payment method are not attributable to their employment with the City.

Vehicle mileage reimbursement example:
The vehicle mileage reimbursement rate is established by the Internal Revenue Service and is based on miles driven. The rate is intended to cover the costs of operating a car for business purposes. The costs contemplated by the standard mileage rate include fuel costs, vehicle maintenance and repair, insurance, and registration fees. The vehicle owner is likely to pay for these costs using various payment methods. Any "points" accrued through use of a particular credit card or particular service station, etc. for these purchases are not a result of employment with the City, as they are not directly reimbursed, and do not need to be reported. The City does not compensate for the actual cost for maintaining and operating vehicles, which may vary widely depending on an employee's personal choices (e.g. hybrid vs. SUV, new car every four years vs. every ten years, premium vs. regular fuel, etc.). City procurement cards should not be used for any of these expenses.

Per diem example – continental United States:
Per diem for M&IE is based on standard daily rates established by the GSA for different locations and is intended to cover the appropriate costs for meals and incidentals for that locale for the day. The City does not reimburse based on receipts and does not direct the choice of meals, nor the choice of payment methods. Any "points" accrued through use of a particular credit card or by dining at a particular restaurant are not a result of employment with the City, as they are not directly reimbursed, and do not need to be reported. The City does not compensate for the actual cost of meals and does not direct the choice of meals. City procurement cards should not be used for any of these expenses. (A City procurement card may be used to purchase a meal as part of a conference registration. Adjustments based on the cost of the conference meal are not allowed; instead, a reduction to per diem is made in such situations based on the type of meal (breakfast 25%, lunch 25%, dinner 50%).

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