

National Association of State Boards of Accountancy and Related Organizations

Reimbursement Policy for Business Expenses

Guiding Principles

This policy is structured to comply with the Internal Revenue Service's guidelines for an "Accountable Plan" as described in IRS Regulations 1.62. An accountable plan includes the following characteristics:

- Expenses reimbursed must be incurred while performing services for the organization and have a business connection.
- Expenses must be substantiated (provide receipts and expense report) and substantiation must occur within a reasonable period of time.
- Any reimbursements exceeding expenses incurred must be returned within a reasonable time.

In addition to compliance with this policy, good judgment, prudent spending and a thrifty attitude are expected of all stakeholders who are reimbursed under this policy. Absent an accountable plan, business expense reimbursements may represent taxable income to the payee. Individuals who attend NASBA meetings are encouraged to seek travel reimbursement from their sponsoring organization or Board of Accountancy prior to requesting reimbursement from the National Association of State Boards of Accountancy (NASBA).

Scope of Policy

All officers and directors of NASBA, Board of Accountancy members and staff, and NASBA committee participants are urged to join fully in the work of NASBA. Expenses incurred in doing so may qualify for reimbursement by NASBA; however, the NASBA Board of Directors has determined that reimbursement must be limited to those for whom both:

- 1) A lack of reimbursement would constitute a burden and;
- 2) Reimbursement is not available from any other source. If, subsequent to reimbursement by NASBA, the individual is reimbursed fully or in part by a third party, NASBA must receive a repayment of such amounts paid to the individual.

Employees and contract labor of NASBA¹ who incur business-related expenses may qualify for reimbursement from NASBA under provisions of the policy as well.

¹ References to NASBA includes subsidiaries and related organizations which NASBA controls. These entities are covered by the general policy unless a separate policy is adopted by that organization's Board of Directors and approved by the NASBA Board of Directors.

The expenses of spouses or companions may also qualify for reimbursement if allowed under the policy and are eligible under the business requirement test.

Approval of Expenses

Reimbursement of expenses is subject to approval by those NASBA management personnel designated by the President and Chief Executive Officer. The President and Chief Executive Officer may, at their sole discretion, impose more restrictive or more lenient administration than the policy requires based on specific circumstances. Expenses outside of the policy should be approved by the President and Chief Executive Officer or designee prior to purchase. Expenses that do not meet the guidelines established in this policy may not be reimbursed and may be deducted from the requested reimbursement amount if submitted.

Deadline for Requesting for Reimbursement

Under the IRS Guidelines, a necessary component of an accountable plan is submission of reimbursement requests within a reasonable time. NASBA has established the generally accepted practice of many companies that **60 days** represents a reasonable time. Any reimbursement request received 60 days after the later of (1) the date the expense is incurred or (2) the last day of the travel-related event, may not be reimbursed unless approval is granted by the President and Chief Executive Officer after consideration of the circumstances.

To the extent possible, stakeholders should submit their travel and expense reimbursement forms within 14 days of the travel event.

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GENERAL POLICY: TRAVEL, ENTERTAINMENT AND OTHER BUSINESS EXPENSES

Transportation

Air Travel

Because of the variety in air travel classes of service and add-on costs (e.g., baggage fees, seat selection fees), the following general rules apply as to what can be reimbursed.

- Airfare for economy, coach class, or comparable class of service;
- The cost of two checked bags per person if not included free in the cost of the ticket;
- Either
 - 1) “Early-bird” boarding (Southwest) or similar programs at the prevailing market rate for each one-way departure or;
 - 2) Window, aisle, comfort, or similar seat selection charges if \$50 or less per flight leg.
- Extended leg-room within the main cabin on separate flights greater than 4 hours.

NASBA generally does not reimburse first-class, business-class, business select, or any other similar class of travel, air travel upgrades (except for those specified above), change fees or excess baggage fees.

NASBA reserves the right to reimburse less than the actual expense reimbursement requested in cases where airfare is deemed excessive considering the facts and circumstances (e.g., purchasing high-cost tickets in the period just before the flight, ignoring cheaper alternatives).

No accommodation on other expenses will be made for fares which might be cheaper with an overnight stay as this introduces unnecessary subjectivity into the reimbursement process. Reimbursement will only be made for funds spent. NASBA will not reimburse travelers for the use of frequent flyer tickets, point rewards, or similar programs.

Land Travel

Tolls, parking, and costs of local transportation, such as a taxi, bus, rail, or car and driver to or from an airport, or NASBA event, are reimbursable.

Reimbursement may be requested for business travel using the traveler’s personal auto in accordance with current IRS guidelines regarding mileage reimbursement rates. Mileage reimbursement in excess of the cost of air travel will be reimbursed at the cost “as if” air travel was incurred.

Car rental, if appropriate to the circumstances, is also reimbursable. Car rentals are discouraged unless the distance from the airport to the meeting location makes car rental more economical than taxi or shuttle service. Rental cars will be reimbursed only to the extent of a standard class rate (typically Mid-size) to be determined by NASBA. If car rental is appropriate, incidental costs related to the rental, such as taxes, assessments, other miscellaneous fees and reasonable fuel costs, are also reimbursable. Rental cars should be refueled prior to return. A “Prepaid Fuel” or similar option should not be elected for the

return of the rental car unless absolutely necessary. Insurance, GPS, additional drivers, or other elective add-on costs are not reimbursable expenses.

Lodging

Reimbursement may be requested for the costs of lodging (including taxes, tariffs or other mandatory hotel fees), reasonable gratuities for baggage handling or other assistance. Other direct out-of-pocket expenses incurred will be considered based on the facts and circumstances. Reimbursement is limited to the NASBA-negotiated rate in situations where NASBA has entered into a contract with the place of lodging and to a standard room in other cases.

Meals, Food, & Entertainment

The cost of reasonably priced meals for breakfast, lunch, and dinner are reimbursable for the period of time associated with the NASBA-related business while away from home (including the travel period).

Meals and entertainment expenses must be accompanied by an original receipt and must include a list of all participating individuals. Page 2 of the reimbursement form is required for reporting (1) the participants of any group meals and/or entertainment and (2) the business purpose. Specific names of all attendees must be included. Staff must submit receipts for all reimbursable expenses. Non-staff stakeholders (e.g., volunteers, members) must submit receipts for amounts greater than \$75.00. If a receipt is required in order to be reimbursed, receipts must include details of what was actually purchased. A receipt with only the total meal charge, and no details, is not acceptable for reimbursement and may be deducted from the reimbursement.

In room purchases (e.g., from mini-bar) are typically not reimbursable.

In addition to the cost of meals, NASBA will reimburse a 15% gratuity when appropriate to acknowledge quality service.

NASBA does not reimburse for liquor except when consumed as part of a group event or used for business entertainment purposes. Exceptions will be at the discretion of the President and Chief Executive Officer or designee.

Non-Reimbursable Items and Billbacks

Non-reimbursable travel expenses include personal expenses and unrelated business expenses. Examples would be:

- In-room movies
- Laundry or dry-cleaning services (with rare exceptions)
- “Mini-bar”, in-room refrigerator or snack purchases

Any expenses not previously covered in this policy must be approved before it is incurred by the President and Chief Executive Officer or designee. Any costs related to activities that the stakeholder has to pay to NASBA will be deducted from reimbursements due to the stakeholder. If no reimbursements are due to the stakeholder, then the stakeholder will be invoiced for the charges.

Billbacks typically relate to fees for NASBA sponsored events which were not paid at the time of registration by the stakeholder or where additional guests of a stakeholder attend.

ADDENDUMS TO THE GENERAL POLICY

Members and Volunteers

NASBA Staff

Leadership of NASBA

Board of Directors

Other Stakeholders

Members and Volunteers

Addendum to the Reimbursement Policy

MEMBERS AND VOLUNTEERS

Members and volunteers of NASBA are required to provide receipts for all expenditures in excess of \$75 (seventy-five dollars) that are submitted for reimbursement. NASBA may also cover travel and lodging costs in advance and/or by NASBA purchase when appropriate and necessary.

Committee Members

Reimbursements under the general policy for committee meetings anticipate hotel stays of a single night for each day at which the committee member's presence is required. An extra day may be accommodated in situations where the availability of airline travel does not allow the committee member to leave the day the meeting ends.

Award Recipients

Recipients of the awards presented at the Annual Meeting are allowed extra accommodations in order for guests to attend the ceremony. Meeting registration fees are waived for up to four guests. One additional hotel room is made available in addition to the awardee's room for family or guests that might wish to attend.

Scholarships

NASBA strives to achieve participation by all member boards in its mission activities. In order to achieve this goal, a limited number of individuals from Member Boards of Accountancy who cannot obtain financial support from their board to attend certain conferences or meetings, may be provided scholarships. Scholarships allow the individual to attend at a highly-reduced cost by waiving or reimbursing the cost of:

- Conference registration fees
- Air travel as detailed in the general policy
- Lodging for the number of nights corresponding to the number of days for the conference or meeting.
 - For example, the Annual Meeting typically is in session for 3 days. An individual would receive three nights of hotel lodging reimbursement at the NASBA negotiated rate.
- Travel from the airport to the hotel and back and reasonable gratuities.

Scholarships will be considered based on factors such as level of Board of Accountancy participation and ability to financially support the attendee.