



Office of the
Washington
State Auditor
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Best practices for travel expenditures

Many government employees need to travel to receive training or carry out other essential government functions. Travel costs, regardless of how significant they are to a government's budget, can invite criticism from the public.

A government's internal controls over travel expenditures should provide assurance that travel costs are reasonable and justified, because travel reimbursements can be subject to misuse.

The following are some best practices to consider:





1) Regularly review and update your policy to ensure it provides clear guidance. Governments may desire flexibility in their travel policy. Rather than writing a vague policy, however, governments should provide clear, prescriptive guidance and allow for pre-approved exceptions. For further assistance, use the [MRSC travel policy guidance](#), which provides various considerations for policy development.

2) Encourage economical travel. Economical travel might mean requiring coach class for airplane tickets or compact vehicles for car rentals. Employees should document and retain their research to show the most economical option was selected. [See Appendix A](#) for additional economical travel considerations.

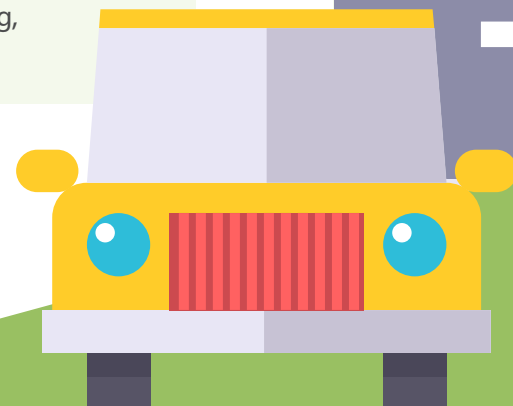
3) Use per diems for lodging and meals.¹ For hotels, per diem can be an effective cost control, because many lodging establishments will honor government per diem rates if employees ask for them, especially if they plan in advance. For meals, this eliminates several issues such as:


- Lost receipts and difficulty obtaining itemized receipts from employees
- Recordkeeping burden in collecting, verifying and retaining receipts
- Risk of excessive tipping or alcoholic beverage purchases
- Potential for unreasonable meal costs

4) Create separate guidelines for non-travel meals. These might be working lunches or meals with meetings. Non-travel meals will need to be separately authorized in policy to be allowable. Per diem rates should be used to guide reasonableness. In addition, the documentation should include the business purpose and attendees. In establishing a policy, governments might consider the guidance in [Washington state Attorney General Opinion: Eating and Drinking at Public Expense](#).

5) Provide training on policy requirements. Employees and their approving supervisors need to be familiar with the policy requirements. Training might involve periodic annual policy reviews, in-person training, or online training for new and existing employees.

¹ The U.S. General Services Administration (GSA) per diem rates (pre-established daily allowances given by a government to cover an employee's living expenses when traveling) are widely used. The rates are commonly referred to as CONUS and are found at www.gsa.gov.





6) **Consider centralized control or oversight options.** This could take many forms. Some examples governments have used include:

- A centralized person very familiar with the travel policy and economical travel options who can provide thoughtful input and direction on the travel plans and estimated costs (and question potential costs before they are incurred)
- A designated or centralized reviewer very familiar with the travel policy and economical travel options who evaluates the claim for reimbursement at a detailed level, often in addition to the employee's supervisor
- Centralized procurement for airline travel ²
- A centralized program to track travel, such as a software module or other tracking mechanism

7) **Establish a process for addressing non-compliance.** The policy should describe what constitutes non-compliance and how such matters should be communicated, as well as any specific consequences. There should be a process for notifying the employee, their manager, and other officials for more than trivial non-compliance. Claims for reimbursements that lack adequate support or documentation should be rejected for payment until the concerns are resolved. Employees who do not clear travel advances within policy provisions should not be allowed additional advances.

8) **Make sure approvers have dedicated time for review.** A reviewer who is too busy with other tasks might perform a high-level or cursory review and fail to identify concerns.

9) **Pre-approve travel, including a cost estimate.** A pre-approval process helps ensure there is a justifiable business purpose before travel takes place, the benefits outweigh the costs, economical options were considered, and the anticipated expenses appear reasonable. Concerns can then be addressed before costs are incurred.

10) **Pre-approve policy exceptions.** Employees should request any policy exceptions and obtain written approval before booking and/or incurring costs. Otherwise, it constitutes after-the-fact approval of a policy violation.

²This can prevent fraud schemes involving airline ticket reimbursements as well as help with cost control.

11) Minimize travel advances outstanding. Issuing and tracking travel advances create an administrative burden. To reduce travel advances, consider options such as charging airfare or lodging on a credit card, use of a travel agent, or use of a central purchasing function (such as for airfare). The government should establish a minimum dollar amount and a deadline for requesting an advance, and limit requests too far in advance of planned travel.

12) Keep track of travel advances.³ A person or department should track and account for all travel advances. Travel advances that are not accounted for within policy provisions can have IRS implications; for example, they might be reportable as wages if they are not accounted for within 120 days of receiving the advance.⁴ Travel advances that are not accounted for within a reasonable time should be deducted from the employee's pay.

13) Resolve travel advances with employees leaving the agency, before they separate. This is to ensure that any travel advances outstanding are either cleared or deducted from the employee's final paycheck. If the government's human resource department maintains a checklist to follow for separating employees, consideration of travel advances should be included.

14) Require timely submission of receipts.⁵ Some governments require receipts to be submitted as soon as five days after a trip is completed. If a credit card is used, receipts must be submitted no later than 30 days for local governments. If the employee has a travel advance, state law requires this to be cleared on or before the 15th day following the close of the authorized travel period for which the expenses have been advanced.

³ Under state law (RCW 42.24.140), an employee or official can have only one advance outstanding at a time, 10 percent interest is applied to any delinquent advances, and the government may withhold funds payable to any officer or employee for delinquent travel advances.

⁴ [IRS publication 463](#) provides guidance on travel, gift, and car expenses (see section on accountable plans).

⁵ The Budgeting, Accounting and Reporting System (BARS) Manual, section 3.8.2, requires local governments to complete settlement within 30 days if a credit card is used; for state agencies, the limit is 60 days. The IRS requires settlement within 60 days or the amounts are taxable as income to the employee. For local government travel advances, see RCW 42.24.150, for state agencies the requirement is within the 10th day following the close of the travel period (see 10.80.60 State Administrative & Accounting Manual (SAAM)).

15) Use standardized forms, including a comprehensive travel reimbursement form that discloses ALL expenses. The reviewer should consider travel charged on the credit/procurement card in conjunction with travel included on a claim for reimbursement. It should also be known if the employee used a motor pool vehicle and had access to a fuel card. The goal is to detect duplicative or unallowable expenses during the review process.

16) Document shared costs in claims for reimbursement. The employee should identify on the travel form whether they carpooled or shared a motor pool vehicle so reviewers can assess if travel costs were economical and policy terms were followed, and to verify certain information – such as only the driver claimed for mileage reimbursement.

17) Document reasons when actual costs exceed the pre-approved travel estimate. This holds employees accountable and ensures documentation is retained and evaluated to support the increased costs. It also provides support should the claim be questioned after-the-fact.

18) Review event agendas or travel itineraries with travel claims. These contain information about meals included in the conference, as well as when events officially start and end. This helps reviewers determine if meals claimed are appropriate. These also help a reviewer determine whether there are any costs pertaining to extra days of travel.

19) Require proof of travel with travel claims. This might be the boarding pass for the airline, hotel receipts to show the employee checked in, or training credit or certificates of completion.

20) Require approval by the direct supervisor. A claim for reimbursement should not be approved by the employee submitting the claim, peers, or subordinates. This should apply to the higher levels of management as well. The internal control structure should designate a review process for the highest-level manager or executive as well as for board members.

21) Enforce your policy. Policy is established by the governing body with the expectation that management will follow and enforce it. Allowing non-compliance to occur sets a precedent that can have undesirable consequences and can lead to larger problems.

Related resources

Municipal Research and Services Center:
[Travel and expense reimbursement policies](#)

Washington State Auditor's Office:
[Best practices for various credit card programs](#)

Washington State Auditor's Office Budgeting, Accounting and Reporting System (BARS) Manual, Employee Travel: [GAAP](#) or [Cash basis](#)

Applicable Washington state laws for local government:
[RCW 42.24.090](#), [RCW 42.24](#) (.120-.150 covers travel advances);
[RCW 42.24.115](#) (charge cards and travel expenses)

Washington State Office of the Attorney General:
[Memorandum: Eating and Drinking at Public Expense](#)

For assistance

This resource has been developed by the Center for Government Innovation of the Office of the Washington State Auditor. Please send any questions, comments or suggestions to Center@sao.wa.gov.

Disclaimer

This guidance is intended to supplement information that management should consider when establishing internal controls over employee travel. The guidance might not include all information that should be considered and is not intended to supersede management's judgment in establishing internal controls. Management is ultimately responsible for internal controls, including regularly monitoring risks and ensuring internal controls are in place to address potential areas of concern.

Appendix A: Economical Travel Considerations

Type of Cost	Cost Considerations
Airline	<ul style="list-style-type: none">• Is flying coach class required (as compared to business class)?• Were the travel arrangements for airfare made well in advance whenever possible?• Are there expectations about how airfare is purchased (requirements to select the lowest price ticket regardless of personal rewards programs or airline preferences; to go through a certain process to purchase tickets such as central purchasing or a travel agent; and to consider the cost of tickets through the State of Washington procurement contract for airline purchases⁶)?• Are extra travel charges addressed such as excess baggage charges, airline seat exchange fees, priority boarding fees, upgraded airline seating, and internet usage in-flight?• Is the employee flying into the airport nearest their destination? If not, why and can they demonstrate the lowest cost option was taken considering all travel costs?• Did the employee check airfare prices to determine whether personal days added to the trip resulted in higher airfare costs?
Vehicle rental	<ul style="list-style-type: none">• Is a vehicle rental truly justified? Is the employee staying at the conference venue or have a need to drive very few miles? Are there other options such as a hotel shuttle?• Are other forms of transportation available that might be less expensive (public transportation, Uber/Lyft, motor pool, etc.)?• Is the vehicle rental the lowest cost option or have there been upgrades?• Is the vehicle rented for only the period of time that is necessary for work related travel?

⁶This state contract allows local governments to participate as of July 1, 2019. For more information, contact Department of Enterprise Services, Diane White, (360) 407-9366 or view the DES website at apps.des.wa.gov/DESContracts/Home/ContractSummary/00919.



Type of Cost	Cost Considerations
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Mileage

- Is it less expensive to fly or drive to the destination? Is there overtime that should be factored into the calculation to determine the lowest-cost alternative? (a simple worksheet provides clear documentation)
- Is carpooling used when it makes sense?
- Is there an alternative to driving a personal vehicle, such as use of a motor pool vehicle or public transportation? Does the entity have a preference?

Lodging

- Is per diem used and reasonable upper limits when per diem is exceeded?
- Is staying at the conference hotel justified, given the cost, particularly when it significantly exceeds per diem?
- Are there extra nights charged that are not consistent with the traveler's commitments (i.e., start and end of a conference)?
- Is lodging charged when the destination is within a reasonable driving distance of home?
- Does the government want to encourage room sharing, if appropriate?
- Did the government incur any extra costs such as for a travelling companion or spouse?

Meals

- Is per diem used?
- Are meals paid only when an employee is in travel status (i.e., during the meal period)? What is the definition of travel status – within how many miles of an employee's duty station? How are meals handled for partial days of travel?
- Are per diems prohibited when meals were provided as part of the conference or event?