

Approved on: __

January 7, 2018

TOWNSHEND MILEAGE REIMBURSEMENT POLICY

Using the State of Vermont, Agency of Administration Bulletin No 3.4, dated July 1, 2014, as guidance, the Town of Townshend hereby sets forth the following Policy for all employees and elected officials who request reimbursement for expenses incurred during the conduct of business for the Town of Townshend.

Policy Statement

The Town of Townshend intends to ensure fair and equitable reimbursement of employee and elected official mileage expenses while promoting economy and efficiency in local government in compliance with applicable laws and regulations. The rate of reimbursement shall be the same as the rate determined annually by the Internal Revenue Service. All mileage expenses submitted to the Town by employees and elected officials for reimbursement must have been actually incurred, necessary to achieving the goals or fulfilling the responsibility of the office, appropriately documented, and conducted in an economical and prudent manner. All mileage reimbursement requests must be part of the voted budget for the department to which the employee or elected official belongs. Mileage reimbursement requests that exceed the department's budget will not be allowed.

Objectives

- Ensure all employee and elected official mileage expenses incurred while conducting business for the Town are necessary, appropriate, and add value to the community;
- Effective and efficient management of employee and elected official mileage expenses;
- Control costs;
- Compliance with applicable laws and regulations; and
- Prevent fraud, waste and abuse.

Procedures

Requests for mileage reimbursement must have mileage recorded to one-tenth of a mile with both a beginning and ending mileage reading. Requests for mileage reimbursement shall be approved and/or countersigned by a quorum of the board for which for an elected official is conducting business. Town employees shall request preapproval prior to any travel in a personal vehicle made on behalf of the Town. All requests for reimbursement shall state the destination, the date of occurrence, and the purpose of the official business being conducted. When attending a conference or seminar, a conference brochure or agenda shall be included with the reimbursement request to substantiate the business purpose.

Timeliness of Claims

To ensure proper and timely accounting of Town funds, all employees and elected officials are expected to submit their expense request within **twenty (20) calendar days** after completion of a travel event or the incurrence of a business expense, but no less frequently than on a monthly basis. When unable to meet the above timeline, employees and elected officials should make every effort to submit their claims for expense reimbursement within sixty (60) calendar days of the date on which the expenses were incurred. Reimbursement claims submitted after the 60-day threshold will be deemed **late** and processed under the following conditions and requirements:

- The employee or elected official must complete and submit with their expense request an explanation of why the expense was late.
- To comply with IRS rules, the late claim will be considered **taxable income**; the IRS has concluded that expenses claimed more than 60 calendar days after the expense was paid or incurred do not meet IRS Accountable Plan criteria for a “*reasonable period of time*”.

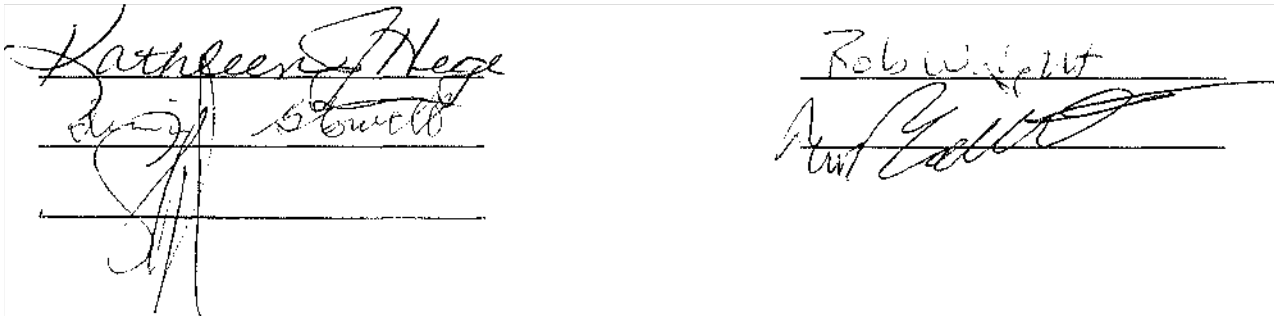
At no time will requests for reimbursement be accepted for payment more than thirty (30) days after the close of a fiscal year.

Citations/Definitions

The requirements of the accountable plan rules are found in Treasury Regulation 1.62- 2; and they require that the payee (1) establish the business purpose and connection of the expenses; (2) substantiate the expenses claimed to the payer within a reasonable period of time; and (3) return any amounts to the payer which are over and above the substantiated business expenses within a reasonable period of time. Amounts which are over and above the substantiated business expenses, or not accounted for within a reasonable period of time, are reportable to IRS on Form W-2 and subject to withholding of employment taxes (or are reportable on Form 1042-S and subject to section 1441 withholding, as applicable).

26 CFR 1.62-2 - Reimbursements and other expense allowance arrangements *Reasonable period* -

(i) *Fixed date method*. An advance made within 30 days of when an expense is paid or incurred, an expense substantiated to the payor within 60 days after it is paid or incurred, or an amount returned to the payor within 120 days after an expense is paid or incurred will be treated as having occurred within a reasonable period of time.



The image shows two handwritten signatures on a document. On the left, the signature of Kathleen Hege is written over three horizontal lines. On the right, the signature of Rob W. Spivey is written over two horizontal lines.