



Department of Hawaii

**STANDARD OPERATING PROCEDURES
(SOP)**

FOR

**Travel Policy and Business Expense
Reimbursement SOP**

**DEPARTMENT OF HAWAII
VETERANS OF FOREIGN WARS
OF THE UNITED STATES**

Approved December 5, 2020

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Travel Policy and Business Expense Reimbursement SOP

PURPOSE

General Guidelines

This SOP contains the guidelines for employees, officers and other volunteers of the Department of Hawaii for authorized travel, entertainment, miscellaneous expense and business related reimbursements. They are based on the best practices employed by most non-profit organizations of our size and take into consideration, what is considered reasonable and customary. While this SOP does contain suggested expense limits, we challenge all employees and volunteers to use their professional judgment when incurring expenses on behalf of the Department. This SOP recognizes that, in some isolated cases, business related expenses might need to be reviewed on a case-by-case basis; however, this primarily applies if the expense in question was not discussed in this policy or contained in the Department budget.

ALL APPROVED EXPENSES INCURRED MUST BE IN ACCORDANCE WITH INDIVIDUAL BUDGET LINE ITEMS. IF YOU ARE UNCLEAR AS TO YOUR BUDGET, PLEASE CONTACT THE STATE QUARTERMASTER PRIOR TO INCURRING ANY EXPENSES.

SECTION 1 Control and Administration

This SOP is designed to accomplish the following key points:

- Ensure employees and volunteers have a clear and consistent understanding of policies and procedures for business travel and expenses.
- Ensure employees and volunteers are reimbursed for legitimate business travel and entertainment expenses.
- Provide employees and volunteers who must travel with a reasonable level of service and comfort at the lowest possible cost.
- Ensure employees and volunteers are reimbursed for legitimate supplies and services needed for conducting required Department business.
- Provide the appropriate level of accounting & business controls for the Department to ensure that expenses are reviewed and approved by the State Commander and disbursed by the State Quartermaster.
- Meet IRS guidelines to be an Accountable Plan.

IRS Accountable Plan Summary

The IRS requires that an Accountable Plan must include as a minimum the following:

- 1) Any expenses being reimbursed are incurred for a nonprofit business purpose. Any expenses paid for by the Department that are not business-related or are incurred on behalf of a family member or someone other than the volunteer must be included as taxable income for the volunteer and reported to the IRS.
- 2) The volunteer adequately accounts for the expenses within a reasonable period of time—no more sixty (60) days after the expense was incurred or the completion of travel.
- 3) At a minimum, every expense should be supported by documentation showing:
 - a) What was purchased
 - b) How much was paid for it
 - c) Who (or what company) it was purchased from
 - d) The volunteer returns any amounts received in excess of the actual expenses incurred or not properly documented within a reasonable period of time—no more than one-hundred twenty (120) days after receipt of the excess money. Volunteers who receive an advance or some kind of allowance for expenses must keep track of what they spend and return any excess within 120 days after the expense was paid. Any amount not properly documented is considered excess. If any excess is not paid back within the required 120 days, the difference is gross income that the volunteer must pay income tax on.

If you have an Accountable Plan that complies with these rules, then any payments made under the plan are not taxable and need not be reported to the IRS.

Responsibility

The traveler is responsible for complying with the established Travel Policies. The State Commander who approves and signs the expense vouchers is responsible for accurately reviewing expense vouchers for compliance. The State Quartermaster will reimburse employees and volunteers for all reasonable and necessary expenses while traveling on authorized Department business or committee operations. The expenses being reimbursed must be directly related to the work or services provided by the volunteer. Committee Chairmen are responsible for ensuring their committees operate within their budgets. The Department assumes no obligation to reimburse employees and volunteers for expenses that are not in compliance with this policy or in excess of budgeted amounts. The Council of Administration must approve any deviation from this policy.

Department policy generally prohibits the advance payment of expenses.

Enforcement

Employees and volunteers who do not comply with this policy may be subject to delay or withholding of reimbursement, reporting of income the IRS and or, disciplinary action.

Alcoholic Beverages

Our policy is for employees to either refrain from consuming alcoholic beverages or to drink responsibly during business functions. However, in the event an employee chooses to consume alcoholic beverages in connection with a business function, the Department expects that employees and volunteers will act responsibly and avoid excess. If an employee has any concerns that he/she is not capable of safely driving after such events, the Department will reimburse the cost of alternative transportation to ensure that the employee does not place themselves or others in danger. An employee, who is arrested and convicted for Driving Under the Influence

(DUI) while in the performance of Department business, or when returning from a business function, may be subject to disciplinary action.

Cell Phone Use While Driving

The use of a cell phone while driving is not recommended in any situation; and employees and volunteers are expected to refrain from using their phone while driving. Employees and volunteers are strongly encouraged to pull off to the side of the road and safely stop the vehicle before placing or accepting a call. If acceptance of a call is unavoidable and pulling over is not an option, employees and volunteers are expected to keep the call short. Department Policy and Hawaii state law strictly prohibits employees and volunteers from using a cell phone without a hands-free device while driving. It also requires when you pull over to the side of the road you are to turn off the engine and remove the key from the ignition.

SECTION 2 REPORTING GUIDELINES

Employees and volunteers should file expense vouchers no later than forty-five (45) days following the completion of the trip or of incurring the expense. Expenses not submitted for reimbursement within two (2) months of being incurred, typically will not be reimbursed.

Documentation Requirements

Employees and volunteers must submit the following documentation with the expense voucher. The following types of documentation are required to meet IRS standards.

- Air/Rail/Bus – original passenger receipt.
- Hotel – Zero balance hotel folio with credit card receipt or other proof of payment.
- Car Rental – credit card receipt or rental agency invoice.
- Meals – credit card receipt or register receipts for meal expenses over \$5.00.

Employees and volunteers must provide the following information in order to be reimbursed for any business related meals or entertainment expenditures:

- Names of individuals present, their titles
- Name and location of where the meal or event took place
- Exact amount and date of the expense
- Receipts for all expenditures in excess of \$25.00.
- Receipts for meals, in excess of \$5.00.

Please note: restaurant chits and credit card statements are generally not considered an acceptable form of receipts.

An explanation of the business expense and a list of the individuals with their affiliations (in the case of meal/entertainment receipts) must be documented with the original receipt.

Expense vouchers containing entries that cannot easily be supported by receipts will be returned to the person submitting the expense report for further clarification before the expense can be paid.

When a receipt is not available, a full explanation of the expense and the reason for the missing receipt is required. Actual bills/receipts must be submitted whenever possible; photocopies will be acceptable only with a detailed explanation as to why the original is unavailable. Receipts must include the name of the vendor, location,

date and dollar amount. All expenses must be reported, regardless of how they were paid. The following receipts are acceptable:

- Original receipt completed by the vendor
- Customer's copy of credit card slip
- Credit card billing statement, only in the unusual case where it is not possible to obtain the actual receipt
- IRS-approved electronic ticket receipt

Incorrect or Incomplete Expense Vouchers

Expense vouchers that are incorrect, incomplete or include disorganized receipts will be returned to the approver for completion and may result in delay or non-reimbursement of specific items.

Disregard for Department policy or altering of receipts may result in disciplinary actions being taken.

SECTION 3 AIR TRAVEL

Air travel reservations should be made in such a manner as to secure the best available fare. Available resources include, but are not limited to: travel agents, online resources or directly with the airline.

When traveling by air:

- Employees and volunteers are expected to use the lowest logical airfare available.
- Employees and volunteers should consider stays that incur lower costs.
- Employees and volunteers are encouraged to reserve flights 45 days in advance.

Upgrades for Air Travel

Upgrades for air travel are not reimbursable. If an employee wishes to upgrade, it is done at the employee's expense.

SECTION 4 AUTOMOBILE TRAVEL

Employees and volunteers may rent a car to get to their destination when driving is more cost effective than airline or rail travel. Employees and volunteers may rent a car at their destination when it is less expensive than other transportation modes such as taxis, airport limousines and airport shuttles, when entertaining customers or transporting supplies. Whenever multiple employees and volunteers are traveling together, every effort to rideshare or carpool must be made.

When picking up a rental car, check with the rental car agent for any promotional rates, last-minutes specials or free upgrades. At the time of rental, inspect the car and be sure that any damage found is noted on the contract before the vehicle is accepted.

Domestic travelers should always accept the collision insurance offered by rental agencies but should decline all other offered insurances. International travelers should accept all insurances offered. Additionally, whenever possible, the prepaid gas option should be declined.

Rental cars should be returned as follows:

- To the original rental city unless approved for a one-way rental
- Intact (i.e. no bumps, scratches, or mechanical failures)
- On time, to avoid additional hourly charges
- With a full tank of gas.

Should a rental car accident occur, employees and volunteers should immediately contact the rental Car Company, local authorities (as required), and the Department leadership.

Rental Car Gas

Gasoline for use in rental cars is reimbursable with proper documentation.

SECTION 5 TAXI SHUTTLE AND RIDESHARE SERVICES

The use of airport shuttles, taxis or rideshare services upon arrival at the destination is the preferred mode of transportation. Make sure to ask for a receipt if one is not offered. This documentation aids in the expense-tracking process.

SECTION 6 PARKING FEES

Airport Parking

When parking at an airport is part of business travel, it is expected that employees and volunteers will utilize Long Term parking lots. Short Term parking fees will not be reimbursed for stays longer than 48 hours

Parking Fees

Reasonable parking fees may be paid for attendance of meetings and conferences.

SECTION 7 USE OF PERSONAL VEHICLES

Employees and volunteers may use their personal vehicle for business purposes if it is less expensive than renting a car, taking a taxi, or using alternate transportation. Personal vehicles may also be used when transporting Department goods for delivery or entertaining clients.

It is the personal responsibility of the vehicle owner to carry adequate insurance coverage for their protection and for the protection of any passengers.

Mileage is reimbursed at the rate established by the IRS (for miles drive for charitable organization service it is \$.14/mile for 2020) (for miles driven for business use it is \$.575/mile for 2020). This mileage allowance is in lieu of actual expenses for gasoline, oil, repairs, tags, insurance, and depreciation. According to the IRS adequate records require as a minimum the following. Regardless of the circumstances of your employment, you will likely be asked to record the following:

- "the mileage for each business use"
- "the total mileage for the year (for each vehicle you use) "
- the time (date will do), place (your destination), and purpose

To be reimbursed for the use of your personal vehicle for business, employees and volunteers must list the following on the Expense Voucher and Mileage Log:

- Date and purpose of the trip
- Locations traveled to and from
- Mileage

SECTION 8 LODGING AND HOTELS

Hotel reservations should be made in such a manner as to secure the best available rate. For VFW events including Conventions and Conferences reservations should be made through the event housing. It is important to stay in the designated Hotels. Filling the block helps the Department offset Convention expenses.

In case of cancellation:

- Unless otherwise told, Employees and volunteers are responsible to cancel the reservation.
- Employees and volunteers will be held responsible and will not be reimbursed for "no-show" charges unless there is sufficient proof that the billing is in error or circumstances were beyond the traveler's control.
- Employees and volunteers should request and record the cancellation number in case of billing disputes.
- Employees and volunteers should note that cancellation deadlines are based on the local time of the property.

SECTION 9 MEALS

Personal meals are defined as meal expenses incurred by the traveler when dining alone on an out-of-town business trip. Approximate meal expense guidelines are as follows:

- \$25/day for breakfast and lunch combined
- \$30/day for dinner.

Business Meals Taken with Other Employees and Volunteers

Employees and volunteers will be reimbursed for business-related meals taken with other employees and volunteers only in the following circumstances.

- When a client is present
- When, for confidentiality reasons, business must be conducted off Department premises

The following documentation is required by the IRS, and must be recorded on the expense report:

- Names of individuals present, their titles and affiliation.
- Name and location of where the meal or event took place,
- Exact amount and date of the expense.

SECTION 10 MISCELLANEOUS EXPENSES

The Miscellaneous column is designated for expenses that do not fit into the previous categories, yet are directly business related and therefore reimbursable. **ONLY** the following items can be considered as reimbursable business expenses:

- Office services (i.e. faxes, copies, overnight delivery / postage)
- Currency conversion fees
- Business gifts of reasonable value with prior approval
- Laundry / Dry Cleaning / Suit Pressing for trips exceeding 3 days
- WiFi service connections when required for Department business
- Seminar fees / training classes with prior approval
- Reasonable tips for service
- Subscriptions with prior approval
- Materials required for the performance of Department Business

Be sure to note that the following items are NOT reimbursable under this policy:

- Airline club / Country club membership dues
- Parking tickets or other fines
- Delinquency fees / Finance charges for personal credit cards
- Expenses for travel incurred by companions / family members
- Expenses related to vacation or personal days while on a business trip
- Loss / Theft of personal funds or property / Lost baggage
- Avoidable "No-Show" charges for hotel or car service
- Non-Compulsory insurance coverage
- Rental car upgrades
- Repairs due to accidents
- Excessive mini-bar charges
- Gentlemen's Club membership dues or "expenses"
- Escort services (neither men nor women)
- Gambling expenses
- Never assume that an item will be covered under the "Miscellaneous" category. Be sure to check with the State Commander or State Quartermaster if an item you need is not outlined specifically in this policy.

SECTION 11

OFFICER AND COMMITTEE EXPENSES

Department Officers and Committee Chairpersons and committee members with the authorization of the Chairperson are authorized to expense supplies and services the Department Service Officer will review all Outreach expenditures along with Service Office operating expenses. The State Adjutant will review all operational expenses for the Department Headquarters. Everyone is responsible to ensure budgets are not exceeded.

In most cases, the volunteer will pay the expenses at the time they are incurred and then seek reimbursement from the Department using an expense voucher.

Volunteers are reminded that they are not to enter into any contracts or agreements for services for the Department without prior approval. Any expenses incurred may not be reimbursed and the volunteer may be responsible for the costs associated with the completion of any contract not authorized.

SECTION 12

APPROVAL PROCESS

APPROVAL/AUTHORIZATION PROCESS

The Department Commander must approve all expense vouchers. The Department Commander is responsible for verifying:

- Business Purpose
- Correct totals
- Supporting documentation and receipts
- Policy compliance.

Remember:

- Traveler is responsible for complying with the Department's Travel & Business Expense Policy
- The Department Commander who approves and signs the expense report is responsible for reviewing the report for compliance.
- The Department Quartermaster is responsible that budget line items are not exceeded.

The State Quartermaster may pay an authorized expense directly to the vendor when given a preprinted invoice with a description of the goods or services provided and an expected delivery date. Companies wanting to do business with the Department of Hawaii may be required to submit, upon request information about their business including business license, General Excise Tax license, and insurance.

The volunteer may get an advance payment to cover anticipated expenses. The advance may not be paid more than 30 days before the expenses are incurred and requires COA Approval before a payment is made.

Once approval has been obtained, be sure to make a copy of the signed report along with copies of your receipts to keep for your own records.

As long as the reimbursements are done properly, there should be no tax consequences for reimbursements for the nonprofit or its volunteers. The key to keeping them tax free is to make sure you have an accountable plan that follows IRS rules and that all reimbursements are made in accordance with that plan. If they are, these payments don't even need to be reported to the IRS.

The Department of Hawaii Travel & Business Expense Policy Guidelines is designed to facilitate successful and cost effective travel and business expenditure reimbursements.

SECTION 13

SOP REVIEW

The SOP will be reviewed to ensure the following:

1. Information is accurate and up to date.
2. The SOP will be updated to ensure compliance with the National Bylaws, and applicable directives and regulations.
3. The State Adjutant is responsible to update this SOP.

After an initial approval by the State Commander, This SOP will be reviewed annually. The Senior Vice Commander will review the SOP before the Department Convention. The State Adjutant will present the SOP at the first COA after the Department Convention for approval. After approval the SOP will become immediately effective. During the year any changes to the SOP will given to the Department Adjutant for distribution to voted on at the next COA.

Official:

George Barlett

State Adjutant

APPENDIX

- A. Travel Voucher (PDF)**
- B. Meal Attendees (PDF)**
- C. Mileage Log (PDF)**
- D. Mileage Log (WORD)**
- E. Travel Voucher (WORD)**
- F. Meal Attendees (WORD)**



Mileage Log Form

This form is used to support an expense voucher for car travel. Date: _____

Trip Date	Purpose of Trip	Address of Origination	Address of Destination	Miles
Employee Name:			Total Miles:	

Signature _____

**DEPARTMENT OF HAWAII
VETERANS OF FOREIGN WARS OF THE UNITED STATES
438 HOBRON LANE, SUITE 407 HONOLULU, HI 96815
FAX 1-808-946-7269**

Additional Information:

Meals:

LOCATION: _____

Name of Attendee:

Affiliation:

Acceptable Proof of Expenses:

- | | |
|-----------------|---|
| Air/Rail | Original Passenger Receipt |
| Hotel | Hotel Folio with Proof of Payment |
| Gas | Receipt |
| Taxi/Ride Share | Receipt or Proof of Payment |
| Car Rental | Rental Agency Invoice or Proof of Payment |

