

Section:	Finance (FN)
Subject:	Expenses
Legislation:	<i>Income Tax Act</i> (R.S.C. 1985, c.1 (5 <sup>th</sup> Supp.)).
Effective:	November 1, 2007
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**APPROVED:** \_\_\_\_\_  
**President and CEO**

## POLICY

The policy of the Board of Governors is to pay expenses necessarily incurred by employees and Board members in the performance of their employment or Board duties.

## PROCEDURE

### DEFINITIONS

<b>Approver</b>	A member of the SAIT community who has the authority to approve a claimant's eligible expenses.
<b>Claimant</b>	A member of the SAIT community who incurs expenses and who seeks to be reimbursed for those expenses.
<b>Employee</b>	A person employed on SAIT's payroll, whether paid by annual salary or hourly wage.
<b>Reasonable</b>	Considered moderate and sensible in the circumstances and is defensible to an impartial observer.
<b>SAIT business purpose</b>	The promotion and achievement of SAIT's goals and objectives.

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## GOVERNING PRINCIPLES

1. This procedure provides a framework of accountability for the effective oversight of SAIT resources in the payment of and the reimbursement for travel and other expenses.
2. Claimants and approvers are governed by the following principles:
  - a) SAIT's funds are to be used prudently and responsibly, and with a focus on accountability and transparency.
  - b) Expenses must support activities that have a SAIT business purpose.
  - c) Expenses must be reasonable, necessary and economical with due regard for cost, duration, practicality, health, safety and security.
  - d) Expenses claimed must be expenses that have been actually incurred.
  - e) Prior approval to incur expenses must be obtained where appropriate.
  - f) Claims must be:
    - i) Able to withstand the scrutiny of internal auditors, external auditors and members of the public.
    - ii) Explained and documented.
    - iii) Reasonable and appropriate.
    - iv) Compliant with this procedure.
3. An expense or a portion of an expense shall not be claimed or approved more than once or by multiple processes.
4. Expenses incurred by one member of the SAIT community on behalf of another must be attributed to the individual for whom those expenses were incurred.
5. When individuals from the same school/department share an expense, they should each pay for their own expense if they all have their own P-cards. In situations where they do

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not all have their own P-cards, the most senior individual pays for the entire expense.

6. This procedure applies regardless of how an expense has been paid for or is being reimbursed.
7. A claim should normally be submitted within 30 business days after the occasion giving rise to the claim.
8. Expenses arising from a misinterpretation of procedure or from a mistake are not necessarily eligible for reimbursement. The Finance Department will provide advice and recommendations to the approver when such situations occur.
9. Expenses arising from non-compliance with this procedure and/or related procedures are not eligible for reimbursement.
10. Expenses relating to hosting events are covered in procedure FN.11.1.3 Hosting Expenses.
11. Finance is responsible for administering and supporting compliance with this procedure.

## PROCEDURE

### A. Supporting Documentation

1. All expenses require sufficient and appropriate supporting documentation for approval and audit purposes. This documentation includes:
  - a) A receipt where possible, subject to the exceptions in paragraph D.3 of this procedure, and which provides:
    - i) Name of the vendor.
    - ii) Date of purchase.
    - iii) Description of goods or services received.
    - iv) Amount of the expense.
    - v) Method of payment.
  - b) Information that clearly explains the “who, what, when, where, and why” of the expense.

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- c) In the case of foreign exchange amounts, a copy of the card statement or a printout from the Bank of Canada website supporting the exchange rate applied.
2. A debit or credit card receipt is not sufficient supporting documentation on its own.
3. For all expenses other than those described in paragraph D.3 of this procedure, an authorized missing receipt form must be submitted if a receipt cannot be supplied.

## **B. Approval**

1. An expense must be authorized in order to be considered eligible for reimbursement.
2. Authority for approvals is determined by the signing authorities set out in procedure FN.12.1.1 Signing Authority - Revenue Generating, Expenditure and Other Agreements/Contracts.
3. The approver is responsible for:
  - a) Determining when expenses are necessary.
  - b) Ensuring travel arrangements best meet the needs of both SAIT and the traveling member of the SAIT community.
  - c) Documenting the approver's rationale for approval decisions where the approver has exercised discretion.
4. Preapproval for travel and/or professional development is at the discretion of the school/department incurring the expense. Preapproval is managed through the Preapproval for Business Travel and Professional Development (AP-60) form, available on SAITNow.

## **C. Methods of Payment**

1. The preferred and first choice method of payment should be a direct payment to the vendor. Reimbursement should only be made in situations where a direct method of payment cannot be made.
2. Direct methods of payment include:
  - a) SAIT credit card.

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- b) Purchasing requisition system.
3. Reimbursement methods of payment include:
- a) Petty cash may be used for eligible expenses less than \$25, including GST. Refer to procedure FN.11.1.5 Petty Cash for further information.
  - b) Advances:
    - i) Travel advances are not normally permitted. If needed a temporary SAIT credit card can be provided by Finance. If the SAIT credit card is not accepted by the vendor, then a request for travel advance must be approved by the employee's supervisor and supported by a Preapproval for Business Travel and Professional Development (AP-60) form. Supporting documentation and repayment of unused funds must be submitted to Accounts Payable within 10 business days of the completion of travel.
    - ii) Group meal advances:
      - Can only be obtained if the meal destination does not accept the SAIT credit card.
      - The Athletics and Recreation Department may apply for team meal advances by submitting the request to Accounts Payable five business days before the travel date.
      - The completed team meal advance form and repayment of unused funds must be submitted to Accounts Payable within 10 business days after the travel date.
      - If the travel is cancelled, Accounts Payable must be notified and repayment of funds submitted within five business days.
    - iii) Finance has the right to suspend privileges for failure to comply with the above requirements.

#### **D. Travel Expenses**

1. Travel for SAIT business purposes is governed by the following principles:
  - a) Travel is not permitted to a destination which has an "avoid all travel" or "avoid non-essential travel" advisory, as per the Canadian government's travel advisory

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website two business days before the scheduled departure date unless approved by executive management.

- b) It is the traveler's responsibility to be informed about risks when travelling and to take appropriate precautions to avoid unnecessary risks and dangers.
  - c) If personal travel is combined with travel for SAIT business, only the portion of expenses related to a SAIT business purpose is an eligible expense.
2. Reasonable and necessary costs incurred as a result of an emergency, illness, injury or death can be claimed as an expense when the costs are:
    - a) Additional to costs normally incurred when not travelling.
    - b) Not payable under an insurance policy or other authority.
  3. The following incidental expenses for overnight travel are considered eligible for reimbursement without a receipt:
    - a) Gratuities (excluding meals).
    - b) Personal phone calls, within reason.
    - c) Coin laundry after four consecutive nights of travel.
  4. Air Travel
    - a) Air travel for all employees must be booked through SAIT's central travel provider unless authorized by the divisional vice president or by the president and CEO to book directly with the service provider.
    - b) Air flights must be booked based on the most direct reasonable route for business purposes.
    - c) The maximum eligible expense for air travel is economy class, except as provided in the following paragraph.
    - d) Business class airfare will only be approved if it has been authorized by the divisional vice president, the president and CEO, or the chair of SAIT's Board of Governors, as applicable, in situations where travel is outside of Canada or the United States, unless specified in an employment agreement. Business class travel must be approved in advance of the travel and evidence of pre-approval

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must be attached to the claim submitted to Accounts Payable.

5. Transportation by Third Party Vehicle or Ride Share

- a) Rental vehicles may be booked either through SAIT's central travel provider or directly with the service provider.
- b) A claimant may claim the expense of
  - i) Hiring or renting third party vehicles, including rental, insurance, and gas.
  - ii) Hiring a taxi or ride sharing service. The expense of hiring a town car, limousine or similar vehicle may only be claimed if there is a valid SAIT business purpose for that hire or the cost is comparable to hiring a taxi or ride share service.
  - iii) Renting a vehicle if the size and type of the vehicle is appropriate for the number of passengers, road conditions, and nature of the need. A mid-sized vehicle is the standard class of rental vehicle. In-car navigation systems and electronic toll payment are reimbursable expenses, but expenses for all other convenience options are not reimbursable.

6. Transportation by the Claimant's Vehicle

- a) An approver may authorize a vehicle kilometer reimbursement at the Government of Alberta's rate if a claimant uses the claimant's own vehicle to travel. This rate includes the cost of:
  - i) Fluids and lubricants.
  - ii) Fuel.
  - iii) Registration and insurance.
  - iv) Wear and tear on the vehicle.
  - v) Any other costs associated with operating a motor vehicle.
- b) The distance travelled must be calculated based on the most direct route.
- c) The distance travelled is recorded using the Travel Log form available on SAITNow, as part of the Canadian Expense claim form.

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- d) A claimant cannot be reimbursed for travel expenses between the claimant's residence and the employee's office or primary place of work on regular days of business.
7. Other Modes of Transportation
- a) The cost for other necessary modes of transportation can be claimed as an expense.
  - b) The claimant may claim the lesser of:
    - i) The actual expense of the transportation; or
    - ii) The equivalent expense of the most direct, practical and cost-effective route and mode of transportation.
8. The following other expenses may be claimed when traveling for SAIT business purposes:
- a) Conference and seminar registration fees.
  - b) Parking expenses.
  - c) Long distance charges for personal phone calls, within reason.
  - d) Office service charges such as charges for photocopies, faxes, internet, etc.
  - e) Bottled water.
  - f) Travel visas, passports, passport renewal fees and other travel documents.
  - g) Vaccinations, inoculations and certificates of health.
  - h) Reasonable luggage fees.
  - i) Airline seat selection fees (only one allowable seat change).
  - j) Trip cancellation insurance fees.
  - k) Travel change fees.

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- l) Books, materials and supplies required for work duties.
- m) Coin laundry incurred after four consecutive nights of travel.
- n) Parks Canada pass – limited to the duration of the event or activity.

#### **E. Meal Expenses**

1. Meal expenses are eligible for reimbursement when the claimant is away from the SAIT campus and incurs the meal expense for a SAIT business purpose.
2. Meal expenses include the cost of food and beverages as shown on the receipt, plus gratuity, subject to the following:
  - a) The maximum eligible amount for the cost of individual meals is the rate stated in Appendix C on the National Joint Council's website <http://www.njc-cnm.gc.ca/s3/en>. Entitlement to each meal is determined by the time of day that the travel occurs.
  - b) A gratuity should not exceed 15%, unless the meal provider has included a standard rate due to group size or business policy.
3. A claimant may not claim a meal expense if a meal is provided to the claimant at no cost, except in situations where the claimant declines that meal because of a demonstrated dietary restriction.
4. Supporting documentation for a meal expense claim must include:
  - a) An itemized receipt for the meal, including a meal charged to a hotel bill.
  - b) A list of attendees' names on the receipt.
  - c) The credit card receipt, for meals where the gratuity has been added to the credit card receipt.

#### **F. Accommodation Expenses**

1. Accommodation may be booked either through SAIT's central travel provider or directly with the service provider. Employees cannot book accommodation through share services such as, but not limited to, VRBO and Airbnb for safety reasons, unless they have obtain permission from their dean as evidenced on the AP60 form.

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2. A claimant travelling for a SAIT business purpose who requires overnight accommodation away from the claimant's residence may claim the actual expense of accommodation.
3. Accommodation should be selected for reasonable rates, practicality, and business need.
4. The maximum eligible expense for private, non-commercial accommodation is the rate stated in Appendix C on the National Joint Council's website <http://www.njc-cnm.gc.ca/s3/en>.

#### **G. Other Expenses**

1. A claimant may claim the expense of professional memberships where appropriate for the performance of the claimant's job.
2. SAIT may provide gifts, awards and rewards to employees for recognition as follows:
  - a) Gifts or awards of cash or near-cash (for example, gift certificates or gift cards) are prohibited, unless provided through programs managed by the Employee Services department.
  - b) The total fair market value of all other eligible non-cash gifts or awards that SAIT provides to an individual employee in a calendar year must be less than \$100, unless provided through programs managed by Employee Services. As these gifts/awards may be considered taxable benefits, the school/department must notify Employee Services each time one is provided to an individual employee, excluding items of small value such as mugs, t-shirts, plaques or a cup of coffee or tea.

#### **H. Expenses Not Eligible for Reimbursement**

1. Alcohol expenses are not eligible for reimbursement, except as specified in procedure FN.11.1.3 Hosting Expenses.
2. Other expenses not eligible for reimbursement include but are not limited to those set out in Schedule A, an Associated Document to this procedure.

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## I. Non-Compliance

1. SAIT is not responsible for the payment or reimbursement of an expense resulting from non-compliance with this procedure and/or related procedures.
2. If SAIT pays for an expense that is subsequently determined to be non-compliant with this procedure and/or related procedures:
  - a) The individual who incurred the expense must repay it to SAIT in a timely manner.
  - b) The individual's failure to comply with the preceding paragraph will result in Finance referring the matter to the individual's supervisor.
3. Finance will notify the appropriate signing authorities of patterns of non-compliance by claimants and/or approvers.
4. A persistent pattern of non-compliance may result in suspension or cancellation of privileges, discipline, or termination of employment, as per procedure HR.4.4.1 Corrective Action Procedures.

## J. Exceptions

1. Circumstances may occur that are not addressed in this procedure and that require an exception to the procedure.
2. An exception to this procedure must be documented and formally approved by the applicable Vice President or President and CEO. The documentation required to support the exception is a full written disclosure of the exception, which must accompany the expense claim. This disclosure must set out:
  - a) The exception that is requested.
  - b) A reasonable explanation why this exception to the procedure is required.
  - c) Confirmation that the exception aligns with this procedure's Governing Principles.
  - d) All risks that the exception creates and how those risks will be mitigated and managed.
3. The applicable Vice President or President and CEO must approve the requested

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exception. If approval is not obtained, the expense claim will be denied.

## **ASSOCIATED DOCUMENTS**

Schedule A      Expenses Not Eligible for Reimbursement

## **POLICY/PROCEDURE REFERENCE**

FN.11.1      Expenses policy  
FN.11.1.3    Hosting Expenses procedure  
FN.11.1.5    Petty Cash procedure

**PROCEDURE**

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