

ADMINISTRATIVE PROCEDURE # 1501

Expense Account Reimbursement



Initiating Department:	Finance
Effective Date:	08/01/2011
Supersedes:	AP 1501 (6/1/2010)
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I. PURPOSE AND SUMMARY

To communicate procedures to be followed by employees when requesting reimbursement for expenditures incurred while performing Authority business.

If any provision of this AP conflicts with the terms of any collective bargaining agreement, the collective bargaining agreement shall prevail.

2. SUPPORTS THE FOLLOWING POLICY

It is the policy of the Authority to reimburse employees for authorized expenditures incurred while performing Authority business.

3. DEFINITIONS

- 3.1 Chaining** - Chaining means splitting purchases into separate reimbursements in order to circumvent or avoid the requirements of the CTA's procurement regulations. Chaining is prohibited by CTA and may also violate other laws including the Illinois Criminal Code.
- 3.2 Emergency** - A situation of unusual and compelling urgency whereby failure to react to the situation would adversely affect the safety of CTA personnel or the riding public, or the operation of the transportation system.
- 3.3 Expense Account** - Method of reimbursing employees for business-related expenses paid for by the employee.
- 3.4 Public Exigency** - Any event or occasional combination of circumstances, calling for immediate action or remedy; a sudden and unexpected happening or a reasonably unforeseen occurrence or condition.

4. ELIGIBILITY AND PROVISIONS

- 4.1 Expenses – Allowable**
Reimbursements limited to allowable expenses with a documented CTA business purpose and submitted with original, itemized receipts. Expenses that are not approved or are inadequately documented may not be reimbursed. Allowable expenses for reimbursement include, but are not limited, to the following:
- A. **Materials and Supplies:** Materials and supply purchases where items are not available from inventory or any current purchase order. The applicable box on *Expense Account Form* (Form 2122) must be checked.
 - B. **Postage/shipping/mailing:** Postal or delivery services not available at CTA or which require immediate action.
 - C. **Copies and faxes:** Copies or other office services not available at CTA or which require immediate action.
 - D. **Local (within 50 miles of CTA service area) business meals involving non-CTA personnel:** Itemized receipt required along with business purpose of meal and names of employees and others in attendance. Reimbursement limited to \$20.00 per person excluding tax and tip; gratuities limited to twenty percent (20%). Reimbursement requires approval of the President's Office.

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- E. Incidental Parking: Parking expenses for CTA business purposes when public transportation is not practical or available. Brief explanation of applicable business purpose and reason as to why public transit was not utilized must be attached to the receipt.
- F. Taxicabs: Employees are encouraged to use public transportation to the maximum extent possible. Taxicabs are to be used as a means of travel only when there are no other practical options. A brief explanation of applicable business purpose, including to/from locations, and reason as to why public transit was not utilized, must be attached to the receipt.
- G. Employee Appreciation:
 - 1. Twice per calendar year, refreshments for Department-sponsored employee appreciation events limited to \$10.00 per person. Gift cards and other merchandise are prohibited.
 - 2. To provide for employees performing special project functions and job duties outside traditional work hours on a limited basis.
- H. Eligible travel expenses: See Administrative Procedure 1503, *Travel, Seminar and Training Authorization and Reimbursement*.
- I. Dues and Memberships for professional associations related to employee job duties.

4.2 Expenses – Prohibited

Expenses that are not approved or are inadequately documented may not be reimbursed. Unallowable expenses for reimbursement include, but are not limited to, the following:

- A. Contracted for Materials and Supplies: Materials and shop supply purchases that are available in CTA inventory or through any current purchase order.
- B. Expenses which, considered together, would constitute Chaining.
- C. Local (within 50 miles of CTA service area) business meals involving only CTA personnel, except as noted above (within allowable expenses) and with President's Office approval.
- D. Refreshments/supplies for non-business related special events (holiday, picnics, other) including items (flowers, cards, gift cards, fruit baskets, decorations, other) for personal events
- E. Alcoholic beverages, Tobacco Products, Controlled Substances
- F. Personal Items
- G. Sponsorships and Donations
- H. Entertainment and Recreational Activities
- I. Office Furniture and Office Decor
- J. Appliances (e.g. microwaves, refrigerators, coffee makers)
- K. Refreshments/supplies for regular (daily or weekly) consumption by department personnel including kitchen textiles (e.g. napkins, cups, utensils)
- L. Sporting Goods
- M. Electronic Equipment: The purchase of items such as computers, printers and cell phones
- N. Software and Related Licensing Agreements
- O. Home expenses related to use of telephone or internet.
- P. Traffic citations or parking fines and penalties.
- Q. Car Washes
- R. Cash Advances
- S. Capital Equipment / Construction

4.3 Expense Account – Terms

Reimbursements must be for valid CTA business purposes and supported by original itemized receipts.

- A. Purchase must be for a non-stock or an emergency item. Reimbursements will not be made for materials carried in CTA inventory (stock items) except in cases of public exigency or emergency.
- B. Documentation attached to the *Expense Account Form* (Form 2122) must include original receipts and a written explanation of the valid CTA business purpose. Non-original receipts or

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photocopies will not be accepted. If the nature of the expense is such that a receipt would not ordinarily be provided (e.g. public transit ride in another city) and the amount is less than \$10.00, an itemized list of these incidental expenses may be submitted with the Form.

- C. Expenses submitted more than three (3) months after event occurrence are not eligible for reimbursement.
- D. All Expense Account forms shall require the original signature of the Department Head. Copies and/or stamped signatures are not acceptable.
- E. Requests for allowable business meals require the approval of the President's Office.
- F. Reimbursements are limited to CTA employees.
- G. Reimbursements submitted outside the terms of this Administrative Procedure risk delayed, partial or no reimbursement. Requests for reimbursement for expenses not in compliance with this Administrative Procedure, and not previously approved by President's Office, must be submitted by the Department Head to the Vice-President Finance / Comptroller for review.
- H. Use of Expense Account is subject to periodic audit.

4.4 Sales Tax

- A. CTA is exempt from the Illinois Retailers' Occupation Tax, the State and Local Service Occupation Tax, the Use Tax and the Service Use Tax.
- B. It is the employee's responsibility to present vendors with a copy of the CTA's tax exemption letter from the Illinois Department of Revenue to indicate that CTA is a tax exempt organization.
- C. A copy of the exemption letter can be obtained from the Accounts Payable Department.

4.5 Travel

Additional guidelines related to CTA travel are outlined in the Administrative Procedure #1503, *Travel, Seminar and Training Authorization and Reimbursement*.

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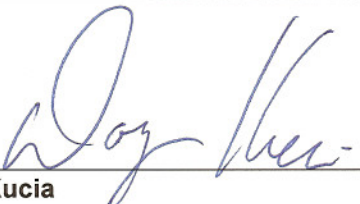
5. A. PROCEDURES – EXPENSE ACCOUNT REIMBURSEMENT

1.	Employee	<p>Within thirty (30) days of incurring an allowable reimbursement expense, completes <i>Expense Account Form</i> (Form 2122) and attaches all original, itemized receipts. Form must be completed in its entirety and with all applicable attachments.</p> <p>If travel related, approved <i>Travel, Seminar and Job Training Authorization Form</i> (Form 2011) is also attached.</p> <p>Submits to Department Head for approval.</p>
2.	Department Head	<p>Ensures that all information is accurate, all expenses are allowable and all receipts are itemized and original. Approves and forwards to Accounts Receivable.</p>
3.	President's Office	<p>When applicable, reviews and approves. Forwards Form to Accounts Receivable.</p>
4.	Accounts Receivable	<p>Reviews and processes Form and forwards to Accounts Payable.</p>
5.	Accounts Payable / Treasury	<p>Reimburses and distributes payment to employee.</p>

Approved by:

Title:

Date Approved:



Doug Kucia
Chief of Staff
 7-25-11