



**MEMORANDUM**

**TO:** Members, Governing Board

**FROM:** Chila Silva-Martin, James Harrison, Scott Tocher

**RE:** Amendments to CIRM Travel Policy

**DATE:** December 3, 2014

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**INTRODUCTION**

On November 24, 2014, the Governance Subcommittee met to consider amendments to CIRM’s travel policy. After considering the proposed amendments, the Governance Subcommittee voted to recommend that the Board approved the amendments to the travel policy.

**BACKGROUND**

The “CIRM Policy Governing Travel” (“policy”) sets forth the agency’s rules regarding allowable costs associated with travel for team members, board members and working group members. This policy is based largely on the travel policy of the University of California.

The last significant revisions to the policy occurred in 2008. In light of experience gained in the implementation of the policy in the subsequent time, we propose amendments to update the policy in keeping with CIRM’s mission and its responsibilities as a state agency.

Many of the proposed changes are intended to streamline the process of seeking and obtaining prior approval for certain charges, clarify the responsibilities of travelers to adhere to the policy, and describe the process for obtaining reimbursement. In addition, several more substantive changes are proposed, as follows:

**1. Approval of Travel Expenses:**

Section IV of the policy governs approval of travel expenses. The existing policy does not explicitly require advance approval before an employee travels on behalf of CIRM. To ensure that all travel is mission critical, the amendment to this section would require an employee to obtain prior approval from his or her manager for travel that includes air travel and/or an overnight stay. The amendments would also clarify that travelers shall not approve claims submitted by themselves, family members or the person to whom he or she reports. In the case of travel by the President or Chairman, each (or his or her designee) would approve the expense claims submitted by the other.

**2. Lodging Reimbursement Rate:**

Section VIII.B.1.a. governs travel within the continental United States (CONUS). Currently, there is no upper limit on lodging reimbursement rates; instead, the rates must be reasonable, which leaves substantial discretion to the traveler. The amendment to this section, would introduce a cap on lodging expenses not to exceed 125% of the federal lodging reimbursement rates, absent prior approval to do so. This would help the Finance Office ensure that CIRM travel is conducted in a cost-effective manner.

**3. Payment of Group Expenses:**

Existing CIRM policy allows a group leader to pay for all or a portion of a group's meal expenses and seek reimbursement through a travel expense claim. Because of the rules regarding reimbursement of expenses and per diem, this creates a significant administrative burden for the Finance Office. The amendment to this section would abolish this practice. Instead, CIRM may negotiate and make payments to subsistence providers provided the expenses are paid by a CIRM meeting planner card or by directly billing CIRM. Alternatively, team members must each pay their own expenses and seek reimbursement.

**ACTION REQUESTED**

**Approve amendments to CIRM Travel Policy.**

## CIRM POLICY GOVERNING TRAVEL

### **I. PURPOSE**

The CIRM Policy Governing Travel is based upon the University of California Business and Finance Bulletin G-28, with modifications as required to ensure that CIRM satisfies its research mission. This policy provides for appropriate implementation and oversight required for reimbursement of travel claims.

### **II. DEFINITIONS**

For the purposes of this Policy, the following definitions shall apply:

**Business Purpose** – the business purpose of a CIRM traveler may include activities that contribute to any one of the CIRM's major functions, including but not limited to, funding stem cell research, research facilities, and other vital research opportunities in California; supporting all stages of the process of developing cures; and establishing appropriate regulatory standards and oversight for research and facilities development.

**Headquarters** – the place where the major portion of the traveler's working time is spent, or the place to which the employee returns during working hours upon completion of special outside assignments.

**Lodging** – expenses for overnight sleeping facilities. Does not include accommodations on airplanes, trains, buses, or ships, which are included in the cost of transportation.

**M&IE Reimbursement Cap** – the maximum amount authorized for daily meal and incidental expenses established by the CIRM for all travel of less than 30 days in the continental United States. This rate is adjusted periodically to reflect changes in the Consumer Price Index. For purposes of the reimbursement cap, incidental expenses include tips and fees for services, e.g., for waiters, baggage handlers, etc. *M&IE*.

*Reimbursement Cap shall not be treated as a per diem. Only actual reasonable expenses incurred for M&IE may be claimed. (See Appendix A.)*

**Reporting Period** – the 31-day period within which a Travel Expense Claim must be submitted after the end of a trip, subject to availability of documentation and staff time. Refer to Section XI, Reporting Period, for more information.

**Residence** – the primary residence where the traveler lives, regardless of other legal or mailing addresses. However, when an employee is required to reside temporarily away from his or her permanent residence because of official travel away from headquarters, such residence may still be considered permanent if it is unreasonable to expect the employee to move his or her permanent residence to the temporary job location.

**Travel Expenses** – expenses that are ordinary and necessary to accomplish the official business purpose of a trip. Refer to the following sections for a description of travel

expenses eligible for reimbursement: Transportation Expenses; Subsistence Expenses; and Miscellaneous Travel Expenses.

**Travel Status** – the period during which a traveler is traveling on official CIRM business outside the vicinity of his or her headquarters or residence.

### III. CIRM TRAVEL POLICY

#### A. Scope

This Policy shall apply to all official CIRM travel.

- This Policy includes special rules for non-employees, such as working group members, scientific reviewers, visiting scholars, independent contractors, and candidates for employment at CIRM.

#### B. Policy

All official travel shall be properly authorized, reported, and reimbursed in accordance with this Policy. Under no circumstances shall expenses for personal travel be charged to, or be temporarily funded by, the CIRM, unless otherwise noted in this Policy. When a CIRM employee travels under the sponsorship of a non-CIRM entity to conduct CIRM business, travel expenses, including advances, or billings, shall not may be charged to a CIRM account or billed to the CIRM, subject to the availability agreement of sufficient time for the sponsor to advance funds for travel reimburse CIRM and subject to the sponsor's billing prior approval of CIRM's Finance and reimbursement procedures Legal offices. CIRM employees traveling on official business shall observe normally accepted standards of propriety in the type and manner of expenses they incur. *In addition, it is the traveler's traveler's responsibility to report his or her actual travel expenses in a timely, responsible and ethical manner, in accordance with the regulations set forth in this Policy.*

The travel reimbursement procedures contained in this Policy are designed to conform to the substantiation rules published by the Internal Revenue Service (IRS). Thus, any payment made to an employee in connection with official travel that lasts for one year or less shall not result in additional taxable income to the employee. Travel expenses considered by the IRS to be taxable income to the traveler are not reimbursable except for subsistence payments for travel of less than 24 hours and certain travel expenses related to moving a new appointee or a current employee.

#### C. Exceptions

Exceptions to this policy may be authorized by the President/CEO or the Chair, or their designees, for his or her designee employees. Any delegation of authority for exceptional travel expenses to grant exceptions must be in writing; any redelegation of this authority must (email acceptable) and shall be authorized by provided to the President Finance Office. An exception may be granted when one is required for extenuating circumstances. A request for an exception must be in writing (email acceptable) and must document the circumstances and need for the exception. Approved exceptions must be provided to the Finance Office. When an exception has been granted, the reimbursement of expenses claimed shall be limited to the actual costs incurred, provided such costs are deemed to be ordinary and necessary under the

circumstances. The Finance Office shall maintain a record of all exceptions granted under this paragraph.

#### **IV. APPROVAL OF TRAVEL EXPENSES**

In order to ensure that travel expenses are approved in an impartial manner, travelers may not approve the reimbursement of their own travel expenses. ~~In addition, travelers shall not approve the travel expenses of an individual to whom he or she reports either directly or indirectly.~~ CIRM employees are required to obtain prior approval from their managers (or in the case of managers, the President/CEO or Chair depending upon to whom they report) for any travel that includes air travel and/or an overnight stay on CIRM's Employee Travel Authorization Form. An employee also may not approve the travel of a near relative, e.g., spouse or equivalent, child, parent, etc. ~~Notwithstanding this provision, however, nor their own travel.~~ The travel shall not be approved by a person who reports directly or indirectly to the Chief Operating Officer ("COO") may traveler. The Chair (or his or her designee) shall approve travel authorization and travel expense claims submitted by the President/CEO, and the President or COO may/CEO (or his or her designee) shall approve travel authorization and travel expense claims submitted by the Chairperson/Chair of the ICOC.

#### **V. PAYMENT OF TRAVEL EXPENSES**

##### **A. Prepaid Expenses and Direct Charges**

~~Prepaid expenses such as transportation tickets and conference fees may be paid directly by CIRM with prior approval from the Chairperson of the ICOC (for individuals within the Chair's office), the President, the COO or a Finance Officer to whom the COO has delegated this authority.~~ Meals and Miscellaneous Expenses

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Travelers are prohibited from charging other travel-related lodging, meals or miscellaneous expenses to CIRM. These expenses must be paid by the traveler when they are incurred, and a claim for reimbursement submitted at the conclusion of the trip.

##### **B. Corporate Travel Cards**

Under guidelines established by CIRM, corporate travel cards may be issued on a case-by-case basis for employees who travel on official CIRM business. CIRM shall secure corporate travel cards for its employees through the State of California's AMEX Business Travel Program. Any traveler issued such a card *should* use the card to pay for all expenses related to official CIRM business travel, including lodging and subsistence, except where the card is not accepted. The cardholder will be billed directly for all expenses charged to the corporate card. The cardholder is personally responsible for paying *all* charges on the corporate card and for keeping the card current. Corporate travel card delinquencies may result in the cancellation of the traveler's card or other corrective action. *The CIRM will not reimburse or pay late fee charges incurred in connection with the corporate card.* ~~The COO is responsible for negotiating contracts for a corporate card program.~~ The corporate travel card is valid only while an individual is employed by the CIRM, may be cancelled at the discretion of the CIRM, and must be relinquished to the employee's department upon termination of employment.

~~*The traveler must submit a Travel Expense Claim even if he or she is not owed any additional reimbursement, in order to document the business purpose for which the advance was issued.*~~

**C. Payment of Expenses on Behalf of Others**

CIRM travelers normally shall not be reimbursed for expenses paid on behalf of other persons, except in the case of co-travelers who are sharing a room or where it is cost efficient or promotes staff efficiency. Exceptions to this rule, such as supervised group trips, must be approved in advance.

**D. Cancellation of Reservations**

Travelers who are unable to honor a reservation shall be responsible for canceling the reservation in compliance with the cancellation terms established by the hotel, airline, etc. The traveler must return any refundable deposits to the CIRM. Charges or lost refunds resulting from failure to cancel reservations shall not be reimbursed unless the traveler can show that such failure was the result of circumstances beyond the traveler's control. The traveler shall be responsible for promptly returning for a refund any unused or partially used transportation tickets.

**VI. INSURANCE FOR TRAVELERS**

**A. ICOC Members, Employees and Working Group Members**

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All ICOC members, and CIRM employees and working group members are routinely covered 24 hours a day, worldwide, against accidental death or dismemberment while on an official CIRM business trip or while engaged in designated extra hazardous activities on behalf of the CIRM. In addition, all CIRM employees are provided with Workers' Compensation coverage for work-related injury that occurs during a CIRM-approved and funded business trip. For insurance coverage purposes, an official CIRM business trip begins when the traveler leaves his or her residence or headquarters, whichever occurs last, and ends when the traveler returns to his or her residence or headquarters, whichever occurs first.

**B. Vehicles**

For information on insurance coverage requirements for employees who use their private vehicles on CIRM business. The ORIM The Office of Risk and Insurance Management in the Department of General Services administers the State Motor Vehicle Liability Self-Insurance Program (VELSIP), which provides unlimited self-insured liability coverage for the state, agencies, and employees who operate covered self-propelled land vehicles on state business (California Vehicle Code Sections 17000 and 17001). Effective January 1, 2004, liability coverage is limited to \$1 million per occurrence/accident when the state vehicle is operated by a non-salaried employee (i.e. student assistant, volunteer, etc.) on state business. The driver's employing department/agency will be financially responsible for the payment of any claims, settlements, judgments or verdicts in excess of \$1 million. The VELSIP provides excess liability coverage for state employees on state business while driving non-state vehicles, but only after the vehicle owner's liability policy limits have been paid. The VELSIP does not provide coverage for injury to state employees nor for damage to state vehicles. Employee injuries are handled through Workers' Compensation coverage. Damage to state vehicles are handled through the budget of the owning state agency.

## VII. TRANSPORTATION EXPENSES

Transportation expenses shall be reimbursed **based on the most reasonable economic mode of transportation** and the most commonly traveled direct, nonstop route consistent with the authorized purpose of the trip. Any exception must be approved by the President/CEO.

### A. General

#### 1. Definition

Transportation expenses include the following: charges for commercial carrier fares; travel agency service fees; car rental charges; private car mileage allowances; overnight and day auto parking; bridge and road tolls; taxi and public transportation fares; and all other charges for transportation services necessary to accomplish the official business purpose of the trip.

#### 2. Transportation Tickets

Transportation tickets should be procured in advance in order to obtain any discounts offered by the carrier or negotiated by the CIRM. Such tickets should be purchased from the CIRM contract travel agencies. Travelers will not be reimbursed for non-cash certificates used for the purchase of transportation tickets, e.g., frequent flyer miles.

#### 3. Lost Tickets

~~Service charges~~ Charges for tickets lost by travelers may be reimbursed, provided such occurrences are infrequent. Re-Ticketing

Charges for re-ticketing, schedule changes, etc. are reimbursable if incurred for a valid business reason. The reason for the charge must be specified on the Travel Expense Claim.

#### 4. Allowable Mileage Expense

Mileage shall ordinarily be computed between the traveler's headquarters or residence, depending upon the point of origin, and the common carrier or destination. Expenses for travel between the traveler's residence and headquarters (commuting expense) shall not be allowed, even when the traveler generally uses another mode of transportation to commute to work. When a traveler is authorized to drive a private vehicle to or from a common carrier terminal, mileage may be reimbursed as follows:

- One round trip, including parking for the duration of the trip; or
- Two round trips, including short-term parking expenses, when an employee is driven to a common carrier.

Also, if a non-employee who is not on travel status has a temporary assignment away from his/her residence, reimbursement shall be made for mileage expenses incurred between the assignment location, or home and the assignment location and new destination, whichever is less.

**5. Surface Transportation Used in Lieu of Air Travel**

If advance approval has been obtained, a traveler may use surface transportation for personal reasons even though air travel is the appropriate mode of transportation. The cost of meals and lodging, parking, mileage, tolls, taxis, and ferries incurred while in transit by surface transportation may be reimbursed. However, such costs shall not exceed the cost of airfare, based on the lower of the airfare at the state rate or the regular non-refundable coach fare available for the location of travel, plus transportation costs to and from the terminals, parking, tolls, lodging and meals.

**6. Indirect or Interrupted Itineraries**

~~Advance approval is required when~~ When a traveler takes an indirect route or interrupts travel by a direct route, for other than CIRM business. ~~Any, any~~ resulting additional expenses shall be borne by the traveler. The reimbursement of expenses shall be limited to the actual costs incurred or the charges that would have been incurred via a usually traveled route, whichever is less. Any resulting excess travel time will not be considered work time, and will be charged to the appropriate type of leave. The employee shall be responsible for accurate reporting of such leave time.

**7. Travel Extended to Save Costs**

Additional expenses associated with travel extended to save costs, e.g., a Saturday night stay for domestic travel, may be reimbursed when the cost of airfare would be less than the cost of airfare had the traveler not extended the trip (provided the expenses were incurred in compliance with this Policy). Such expenses, which include lodging, car rental, and M&IE (subject to the reimbursement caps set forth in Appendix B) incurred within the vicinity of the business destination, shall not exceed the amount the CIRM would have paid had the traveler not extended the trip.

**8. Multiple Travelers**

When two or more individuals are traveling to the same location/meeting and travel is via automobile, to the extent possible, these individuals should travel together in the same vehicle. Allowable reimbursements are payable only to the vehicle owner when employees travel in the same vehicle.

**B. Air Travel**

**1. State Rate/Coach Class**

State rate shall be used. ~~If the State rate is not available, coach~~ Coach class, ~~refundable~~, shall be used in the interest of economy, and where possible, nonrefundable tickets should be purchased. This policy applies to all travel (domestic or foreign, or any combination thereof) regardless of the purpose or fund source.

**2. Business Class**

Use of business or first-class or other higher-cost services may be authorized under the circumstances listed below. Documentation of such circumstances must be provided ~~and approved in advance of the Travel Expense Claim~~ travel.



- When a traveler prefers to use a higher class than the one authorized for reimbursement and pays the incremental cost of the airfare, the traveler shall be responsible for paying the higher class cost upfront and seeking reimbursement up to the authorized non-refundable coach fare (as documented by a quote from CIRM's authorized travel agency);
- Business or first-class is the only service offered between two points;
- The use of coach class would be more expensive, e.g., when, because of scheduling difficulties, traveling by air coach would require an unnecessary hotel expense, circuitous routing, or an unduly long layover when making connections;
- The use of business or first-class travel is necessary to reasonably accommodate a disability or medical need of a traveler. Documentation of such circumstances should be provided on the Travel Expense Claim note from the traveler's doctor stating that business or first-class travel is necessary to reasonably accommodate the traveler's disability or medical need shall be provided and maintained by CIRM. The medical documentation must be updated if the disability or medical need changes.

~~When a traveler prefers to use a higher class than the one authorized for reimbursement, the traveler must pay the incremental cost of the airfare. In cases other than those described above, a written authorization to use business or first-class or other higher-cost service shall be obtained in advance from the President. The traveler shall submit such authorization with the Travel Expense Claim.~~

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**C. Automobile**

Travelers may use their private vehicle for business purposes ~~if it is less expensive~~ rather than renting a car, taking a taxi, or using alternative transportation, or if it saves time. Persons authorized to travel by automobile (e.g., when an automobile is the most reasonable economic mode of transportation, considering time and personnel requirements) shall be reimbursed for actual M&IE incurred en route by the most efficient route, considering transportation time, weather conditions, safety, etc., plus any necessary cost of lodging, when appropriate.

**1. Private Vehicles**

The following rules apply to all domestic travel.

**a. Mileage Reimbursement Rates**

When two or more persons on CIRM business share a private vehicle, *only the driver may claim reimbursement for mileage.*

**(1) Standard Rate**

CIRM will use the standard reimbursement rate per mile as set by the Federal government and identified in the University of California Travel Policy. This rate takes into