

The Ledger

A Newsletter of the University Controller's Organization

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Business Mileage Reimbursement Rate Change

An individual who uses a personal vehicle to travel on university business may be reimbursed for the use of that vehicle. The reimbursement amount is tied to the University Motor Pool mileage rates. When no motor pool car is available or when the round trip mileage is less than 100 miles, the university may reimburse at the highest rate the motor pool charges for a passenger car. That rate did not change and the university will continue to reimburse travelers at 27 cents per mile. A statement of non-availability from the Motor Pool Office must be attached to the reimbursement voucher when the traveler claims the 27 cent per mile rate. Extension personnel who work around the state must enter the statement "No Motor Pool Car Available" somewhere in the body of the travel voucher.

When travelers elect to use their personal vehicle for business travel, the state authorizes the University to reimburse them at the lowest rate charged by the Motor Pool. Effective July 1, 1999, the Motor Pool raised the lowest rate to 23 cents per mile (\$0.23) per Gene Reed's memo to Deans, Directors and Department Heads dated June 1, 1999. For travel occurring on or after July 1, 1999, travelers may claim 23 cents per mile for business travel when a motor pool car is available and the traveler elects to use their own vehicle.

If traveler's have claimed only 22 cents per mile since July 1, they may resubmit vouchers for the extra allowance.

Business Meals

Question – What class of expenditure is most likely to need more documentation to support the business purpose of the expenditure?

Answer – Business meals, Business meals, and Business meals!

Business meals are reimbursable but the documentation must clearly support the business necessity of the meal. Sometimes, the documentation provided does not clearly state the purpose and business necessity for the meal. Why is this so difficult to document? For one thing, two or more university employees frequently discuss university business over lunch. It is sometimes difficult to document when those meetings become reimbursable business meetings. To be eligible for payment, the documentation must show that the business meal:

- is essential to the university's mission,
- is a business necessity (Ex. the meeting cannot be held at another time),
- involves substantive and bona fide business discussions, and
- is recommended for payment by the department head.

The department head is responsible for determining how many people should attend the business function.

The names of all the attendees must be included with the documentation. Allowable business meal functions cannot consist entirely of employees from one department and they normally include non-Virginia Tech employees. Meal expenses at regularly scheduled meetings of university employees are not reimbursable because they can be scheduled

ahead of time and, therefore, it is not a business necessity that they span a meal time slot.

Please provide the necessary support so that the vouchers can be paid the first time they are sent to the Controller's Office. If you do not provide complete documentation, we must delay the payment because the payment document must clearly show the business necessity of the event in order to keep the expense from being considered taxable income to the meeting participants.

Meal Per Diem

The university reimburses travelers by using a meal and incidental expense (M&IE) per diem allowance. The M&IE is intended to be a reasonable amount to reimburse travelers for the cost of meals and incidental expenses while on travel status. Notice the word "reasonable." Some people spend more than the per diem amount while others eat lightly, eat at low cost establishments, make few phone calls, and use less than the allowance. The idea behind the per diem is that travelers are reimbursed a reasonable amount for their expenses with much less record keeping than when each expense had to be recorded separately. It also does not discriminate against the employees who spend more on one meal than another, eat two meals rather than three, or have higher incidental expenses. This clearly reduces record keeping requirements for all travelers, for the clerical staff who prepare the reimbursement returns, for the department head who reviews the voucher, and for the Controller's staff who reviews and pays the voucher.

The per diem is an allowance and must be claimed by each traveler. One traveler cannot claim the per diem for another traveler such as a student. Each person must submit their own travel reimbursement voucher. For more information about the M&IE, please review the following web site.

<http://www.co.vt.edu/Procedures/p20335c.htm>

Other questions regarding the M&IE should be directed to the fiscal staff in the travel section of the Controller's Office.

Foreign National Visitors

On May 24, 1999 memorandums were issued regarding payments to short-term foreign national visitors. Please review these procedures **before** you invite a foreign national to our campus. These memos can be found on the following web site:

<http://www.co.vt.edu/Procedures/p23715.htm>

The IRS imposes less complex rules in paying travel reimbursements than honoraria. Travel reimbursements are not subject to withholding taxes and no reporting to the IRS is required. However, **honoraria payments are subject to federal income tax withholding at 30%** unless specifically exempted by an income tax treaty. For honoraria payments, the IRS and INS also have the following requirements:

- The foreign national must possess the proper visa type to receive an honorarium.
- The foreign national must have either a Social Security Number (SSN) or an Individual Taxpayer Identification Number (ITIN).
- The foreign national must complete a W-8 Honorarium form, and
- The foreign national must file a U.S. tax return.

Effective August 10, 1999, only honoraria payments that are in compliance with IRS and INS regulations will be processed.

Advance planning will help ensure that your visitor has the proper visa that allows payment. Visa questions should be directed to Don McKeon, our Immigration Advisor, at 231-9568 or e-mail dmckeon@vt.edu. All other questions should be directed to Martha Laster Mullen, our Foreign National Tax Specialist, at 231-3754 or e-mail mlaster@vt.edu.

Form W-9

The Internal Revenue Service requires us to request taxpayer identification numbers from all vendors with whom we do business. In order to comply with various IRS requirements, departments will need to request that **new individual or sole proprietor** vendors complete an IRS W-9 form prior to processing their payment. A copy of this form can be found on the following web site:

<http://www.co.vt.edu/Procedures/p23715.htm>

The W-9 form should be attached to the accounting voucher. Faxed copies will be accepted. For all non-individual vendors, such as corporations, the purchasing department will continue to request the W-9 forms. Please note that W-9 forms are not required for travel vouchers. Also, if the individual is not a U. S. citizen they should complete a W-8 form instead of the W-9.

Questions regarding this process should be directed to Jeanie Quesenberry, our Accounts Payable Supervisor, at 231-2544 or e-mail jque@vt.edu.

A Reminder - Cash Handling Procedures

For departments who receive money or checks on a regular basis, following the simple instructions below will help you comply with the University's Cash Handling Policy and Procedures.

- Cash and/or check transactions should be recorded daily by using a cash register or duplicate pre-numbered manual receipts.
- Cash, checks, and receipts must be kept in secure locations, during the day and at night. To protect the funds they should be kept in a lockable container and stored in an area not visible to unauthorized personnel. The container should not be left unattended during the day.
- Funds received by mail should be kept in a log.

- Funds must be deposited within 24 hours of the time of receipt. For those departments handling large sums of money, deposits must be made by the close of the business day.
- Checks must be endorsed immediately upon receipt with the following: "For deposit only. (Department Name) Virginia Tech"
- All checks and money orders should be made payable to "Treasurer of Virginia Tech". Money orders must be payable through a US bank. Canadian Postal Money Orders cannot be accepted.
- International checks should be handled separately from US checks. Contact the Bursar's Office for directions.

For further information, please see the policies on the Cash Receipts website, www.bursar.vt.edu/fhp94a.asp, or call Sandi Merrix at 231-6257.

Equipment Inventory

The following memo was sent to Deans, Directors and Department Heads from Minnis Ridenour on July 12.

The ability of the university to accurately account for, report and dispose of its equipment is required by governmental regulations and sound business practices. The value of the equipment owned by the university must be reported correctly on the financial statements to support depreciation charged to federally-funded sponsored projects through the application of the university's overhead rates. A recent analysis of equipment inventory practices reveals that additional effort is needed in this area.

To update the equipment inventory records, the university has contracted with the accounting firm of PricewaterhouseCoopers (the consultants) to perform an inventory of all moveable equipment located in central campus buildings and to reconcile the results to the current equipment inventory system (FAACS).

During the process of taking the inventory, the consultants will be applying a new bar code label to each piece of equipment to assist the university in verifying the inventory and tracking disposals of equipment in the future.

The consultants must complete the majority of their work before the accounting records can be adjusted to reflect the new inventory valuation. This work must be completed before the October 15 deadline for the financial statements that are audited by the Auditor of Public Accounts. Therefore, the equipment inventory process will begin in mid-July and continue into September. The consultants will work in teams and will be contacting you directly to schedule the inventory for your department. The entire process is scheduled to be completed by November 30.

Although the consultants will be responsible for completing the project, they cannot do this without your assistance. Since they will have to locate over 40,000 pieces of equipment during the next three months, it is extremely important that you give them your full cooperation and that you respond promptly to their requests for information.

During the *inventory phase*, the consultants will need the following assistance from you and your staff:

- Introductions to key personnel and a walk-through of your department's assigned space.
- Access to all rooms in your department, including secured areas.
- Information about equipment that should not be moved to avoid interfering with ongoing research or other reasons.
- Request to faculty and staff in your department to (1) confirm, in writing, the existence of equipment that may be located in homes or other off-campus

locations and (2) apply a new bar code label to the equipment.

During the *reconciling phase*, the consultants will need your assistance with the following:

- Prompt follow-up on missing items to verify that they are indeed missing.
- Documentation you may have to support the disposition of missing items.
- Copies of records related to original cost, purchase order numbers, account number, etc. for equipment that is located that has never been recorded in the current FAACS system.

Meeting the deadline for completing this project will be very challenging, and I greatly appreciate your cooperation. Please contact Pam Palmer (231-8557 or palmerpt@vt.edu) or Becky Saylor (231-6049 or saylorb@vt.edu) in the Controller's Office if you have questions about this project or if concerns develop as the consultants complete their work.

Janitorial Supplies Contract

This is just a reminder that Virginia Tech's contract with Jefferson Supply Company for janitorial supplies started March 1, 1999, and has been used successfully by Residential and Dining Programs, Physical Plant, and many other departments across campus. Jefferson Supply has a large selection of brand-name products, and on-campus orders placed by noon will be delivered the following day. The contract blanket purchase order allows for easy payment, and will soon be available on the purchasing website (www.purch.vt.edu) in the Virginia Tech contracts section. Lisa Rudd is the contracts officer in the Purchasing Department and can be reached at 1-5240 or lrudd@vt.edu. If you need information on products and pricing, please call Glen Aylor at 800-888-3720, ext.229 or e-mail him a note to BETTY_JSC@compuserve.com.

Vehicle Rental Contract

This contract was established with Enterprise for use when the Virginia Tech Motor Pool does not have a suitable vehicle available for your use. This contract is in effect through June 30, 2000.

Type	Rate per day <150 miles	Rate per day >150 miles	Examples
Compact	\$23.75	\$25.85	Metro, Aspire
Midsize	\$24.50	\$27.00	Corolla, Neon, Escort
Full size	\$28.00	\$30.00	Lumina, Taurus, Regal
Premium	\$35.00	\$38.00	LeSabre, Bonneville, Intrepid
Minivan	\$47.50	\$49.50	Blazer, Astro, Carivan

Procedures

Contact Motor Pool at 231-6141 to inquire about available vehicles. If the desired vehicle is not available, obtain a non-availability statement from Motor Pool. Contact Enterprise at 552-0455 to reserve a vehicle. Have an SPO prepared to give Enterprise when picking up the vehicle (this will prevent the charge of sales tax). When submitting the SPO to the Controller's Office for payment, be sure to include the non-availability statement obtained from Motor Pool.

Exceptions

Note: Employees are not required to use Motor Pool and may use Enterprise or any other rental service if it is **more cost effective** to do so.

Contact the desired car rental service and inquire about the rental rates that apply to your trip. Then contact Motor Pool at 231-6141 to inquire about vehicles mileage rates. Compare the rental car service rates to the Motor Pool rates to be sure the car rental service is more cost effective. Recognizing the administrative cost of preparing the paperwork and checks, savings should be at least \$25.00 to be considered cost effective.

Contractor	Contact Person	Phone (540) 231-	E-Mail Address
Enterprise Contract #: TC-008-99 Contact: Justin Kensey Phone: (540) 552-0455	James E. Dunlap or Tom Kaloupek	8543 or 6221	jdunlap@vt.edu or kals@vt.edu

Finance Training Scheduled

Now that the new AIS - Finance Classroom has been completed, we are in the process of scheduling classes for Banner Finance. Please refer to the table below if you or someone you know is in need of training.

General Finance Training

Wed. Aug 4	9:00 - 12:00	Navigation/General Accounting
Wed. Aug 4	1:30 - 4:00	Query Accounts Payable/Purchasing
Wed. Aug 25	9:00 - 12:00	Navigation/General Accounting
Wed. Aug 25	1:30 - 4:00	Query Accounts Payable/Purchasing
Wed. Sept 8	9:00 - 12:00	Navigation/General Accounting
Wed. Sept 8	1:30 - 4:00	Query Accounts Payable/Purchasing

Budget Allocation

Mon. Aug 23	9:00 - 12:00	Budget Allocation Training
Tues Aug 24	9:00 - 12:00	Budget Allocation Training

All courses listed above will be held in the AIS - Finance Classroom. The classroom is located in Research Building number 7 which is on the corner of Tech Center Drive and Kraft Drive over in the Corporate Research Center. We are in suite 2050 on the second floor.

Brio Reports

Mon. Aug 2	9:00 - 11:00	Brio Overview - CEC Auditorium
Mon. Aug 2	2:00 - 4:00	Brio Overview - CEC Auditorium

Scheduling of all classes except Brio Overview will need to be done prior to the class date. We are proud to inform you that we have a new point of contact for the scheduling of classes. Cindy Perdue has taken over the responsibility of receiving phone calls and e-mail for the classes. Call her at 231-6121 for additional information or drop her a note at cindyp@vt.edu. We know that you will find Cindy a delight to work with just as we do.