

North Cape Lutheran Church

Policy and Practice #1-6: Church Travel & Reimbursement

Date Accepted: April 14th, 2016

Date Revised: _____

Policy Statement:

North Cape Lutheran Church recognizes the needs of its members and Pastoral leadership to travel, incur reasonable expenses and be reimbursed to further the mission of our church. It is the policy of NCLC to reimburse only reasonable and necessary expenses actually incurred. It will require a strict practice of approvals, documentation, and sound financial practices across all church organizations and pursuant to IRS policy & practice. Reimbursements will be paid after the expense has been incurred by the pastor/staff person. Substantiation must be provided within thirty (30) days of incurring the expense.

The purpose of this Policy is to ensure that (a) adequate cost controls are in place, (b) travel and other expenditures are appropriate, and (c) provide a uniform and consistent approach for the timely reimbursement of authorized expenses incurred by church members.

Practice:

In light of the generous support North Cape Lutheran Church receives from its donors, the congregation recognizes its responsibility to be a good steward of God's resources and our church members' trust. Additionally, we must comply with Internal Revenue Service rules which prohibit the tax-free treatment of lavish or extravagant meals or entertainment. Excessive expenses could lead to tax penalties, additional taxable income to the employee, and required reimbursement to NCLC under IRS rules. The reimbursement policy allows for business meals when:

- There is a bona fide and substantial business or ministry purpose.
- The participants are actively engaged in congregational business or ministry discussions during the meal or immediately before or after it.
- The purpose and the amount of the expense demonstrate good judgment.
- The staff has made efforts to schedule meetings at times and locations that do not require the purchase of a meal. Meals should be served at meetings only when another reasonable time or location is not available.
- The expense is properly documented (names of all participants, reason for meeting, nature of the business discussed, location and time of meal).
- Meals that include only staff members for the purpose of a business meeting of the congregation shall not be eligible for reimbursement, unless it includes overnight travel. Staff members of the congregation should find other times and venues for meetings to reduce costs. Exceptions to this policy for staff appreciation events may be made at the discretion of the Pastor. At all other times, staff shall be responsible for their own personal expenses if they choose to meet over a meal.
- Alcohol consumption as an expense item must be excluded from expense reimbursement and paid for separately by the individual.
- Gratuities of no greater than 20% are reimbursed.

The ministry of North Cape Lutheran Church often includes public, group fellowship gatherings and celebrations that include food (for example, pizza at a youth movie night, or candy apple making at the Fall Festival). When such gatherings are not meetings where people gather primarily to discuss the ministry or business of the church these expenses do not fall under this reimbursement policy. Such expenses are part of the planning by relevant ministry teams in the congregation, and expenses will be taken from the corresponding line item in the annual budget of the congregation.

All tangible items purchased under this reimbursement policy become the property of North Cape Lutheran Church.

When incurring business expenses, NCLC expects authorized members to:

- A) Exercise discretion and good business judgment with respect to those expenses.
- B) Be cost-conscious and spend ministry money carefully and judiciously.
- C) Report expenses, supported by required documentation, as they were actually spent.

Process for managing Church Business Expense Reimbursement

1. A travel application providing reason for travel, ***members participating along with emergency contact information***, and cost projections is required for all travel anticipated to be above \$500. (See form attached.) This provision is intended to protect church travelers in the case of an emergency.
2. All overnight travel requires Pastoral and/or Board President approval prior to travel. If projected costs are more than \$1,000.00, board approval is required before the travel event.
3. Submit all receipts for travel and reimbursement to the church treasurer (i.e. gas vouchers, food for the food pantry, hotel lodging, etc.) within 30 days of the actual expense being incurred. A monthly expense report submission practice is preferable. This is mandatory for all expenses in an effort to improve tracking of church budgets related to expenses.
4. Credit card usage is preferred for all travel. Church owned credit cards will be subject to specific church policies and practices. Personal expenses should not be included with church credit card expenditures. (See Credit card policy for more details).
5. Limited cash may be approved for applicants (i.e.; tips, bus fare, cab fare, etc,) as requested and requires documented tracking and expense receipts, if available, for inclusion with travel and reimbursement forms. Should circumstances require payment of an advance for any particular anticipated expense, the pastor/staff person must account for the expense and return any excess reimbursement within 30 days of the issuance of the advance. Any excess advance must be returned to the congregation before any additional advances are provided to the pastor/staff person.

6. A log of total miles per day and enumeration of their general purpose shall suffice to substantiate automobile mileage. Commuting mileage between the pastor's or staff person's home and church office shall not be reimbursed, and cannot be included in the mileage log. Record actual mileage required for business purposes, starting from the first destination, provided the first destination is not farther away than going to church. Mileage allowance will align with annual Federal Mileage guidelines (Currently \$.54 as of January 2015). Please use the form attached to track monthly expenses. Automobile mileage trip activities must also be tracked daily and reported per the IRS guidelines via the Automobile Mileage & Expense Tracking Form attached.
7. Airfare must be booked using Coach/Economy Fare levels unless approved by Church Treasurer for extreme circumstances only.
8. Cell phone and data usage expenses is a reimbursable expense for approved church staff members. See Guidelines below.

Professional Allowance Policy & Practice – Cell Phones, Pagers and Data Usage

NCLC provides for Church Leadership budgeted Cell Phone and Data Usage expenses on a monthly basis. The Professional allowance applies to cell phones, pagers, i-pads and data usage cost for ministry purposes. The **professional allowance** in the amount of \$50 per month will be paid the first day of each month directly to the employee via normal paycheck processing.

The professional allowance is intended to allow staff to use personal cell phone and communication devices and have partial ownership in the cost of the services through usage practices and family plans. The allowance is intended to be used in association with your position as a member of the pastoral staff of the church.

This professional allowance is classified as a non-accountable allowance, requiring no substantiation to the church for the nature of the usage. The church will review annually the cost of cell phone and data service as part of the budgeting process.

Non-staff members may not submit cell phone or data usage costs via the expense reimbursement practice.

Staff Spouse or Family Member Travel Position Statement & Practice

When a church staff member's spouse or family member accompanies him / her on a trip (mission trip, conference, meeting, etc , without a valid approved in advance business purpose, spousal expenses must not be paid with a church credit card. When joint expenses occur, they should be paid with a personal credit card, and the staff member's expenses reimbursed. Any travel expense approved for spouse or significant other travel may be a taxable benefit to the staff member. In this context "business purpose" simply means church duty related or at the direction of church leadership.

Questions to ask yourself about a family member's "valid business purpose" on such trips:

- Was the family member required to participate in the trip by the church?
- Did the family member have duties on the trip associated with church responsibilities apart from the staff family member?
- What was the primary function of the family member on the trip and was it related to the tax exempt purpose of the trip?
- Can a majority of the time by the family member spent on the trip be documented as being related to the business purpose of the trip?

Travel Authorization and Approval Form

Request Date: _____

Dates of Travel: _____

Projected Travel Expense: \$ _____

Church Fund Account impacted: _____

Purpose of Requested Travel (location, church business, etc):

Members who will be traveling (and an emergency contact with phone number)

Overnight Travel review and approval:

Pastor/Board President Signature _____

***Submit form to Office Secretary at least two weeks prior to travel event

Cash Expenditure Tracking Form

Expenditure Date (s): _____

Total Amount Requested \$ _____

Expense Tracking:

Cost \$ _____ Item description: _____

Cost \$ _____ Item description: _____

Cost \$ _____ Item description: _____

Cost \$ _____ Item description: _____

Cost \$ _____ Item description: _____

Cost \$ _____ Item description: _____

Cost \$ _____ Item description: _____

Cost \$ _____ Item description: _____

Cost \$ _____ Item description: _____

Cost \$ _____ Item description: _____

Cost \$ _____ Item description: _____

Cost \$ _____ Item description: _____

Cost \$ _____ Item description: _____

I acknowledge that this expense tracking for petty cash is accurate and reflects the policy and financial expectations of the North Cape Lutheran Church (One signature required)

Signature of Requestor

Date

****Attach copy of Cash Expenditure Tracking form to Expense Reimbursement Voucher form and submit to Church Secretary for internal routing and payment.**

Expense Reimbursement Voucher Form

Today's Date: _____

Date (S) of Expense: _____

Amount Requested \$ _____

Purpose of Requested Reimbursement (Travel, etc):

Description of expenditure or item(s) purchased:

Committee/Function: _____

Church Account Fund is requested from _____

Signature of Requestor for Reimbursement

I acknowledge that this request for reimbursement is accurate and reflects the policy and financial expectations of the North Cape Lutheran Church (One signature required)

Treasurer

Date

Amount Paid \$ _____

Check Number# _____

** Church secretary files and keeps record for three years and routes as appropriate

Automobile Mileage Expense Tracking & Reimbursement Form

Name													
Month of :	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year 2015

Date	Destination	Ministry Purpose	Odometer		Miles this trip	Comments
			Start	Stop		

<p>The following personal use mileage must be excluded:</p> <p>1. Commuting to and from home.</p> <p>2. Lunch trips.</p> <p>3. Functions where you personally received an honorarium.</p> <p>4. All other personal mileage.</p>					Total Mileage x Standard Mileage Rate = Reimbursement Amount		\$ _____ \$ _____	Federal Standard \$.54 per mile 2015
Staff Signature								