Expense Reimbursement Policy

Updated October 1, 2012

**Objective:**

Provide employees with a uniform system for reporting and reimbursement of routine, reasonable and necessary business expenses. Items not provided herein are considered to be personal in nature and therefore not reimbursable.

**Scope of Policy:**

All employees are required to follow this policy.

**Approval and Responsibilities:**

Employees are required to obtain supervisory approval for their expense reports. It is the responsibility of each employee to understand and comply with the business expense policy prior to submitting expenses for payment. Any questions or guidance should be directed to the employee’s supervisor. Periodic audits will be conducted on expense reports for compliance with the policy. Non-compliance with the policy will be grounds for disciplinary action up to and including termination.

By signing an expense report form you are representing to the Company that the expenditures incurred are in accordance with this policy. The completed and signed expense report form with the required documentation and receipts should be forwarded to the Payroll Department for processing.

Expense reports should be submitted on a monthly basis unless the amount due to the employee is large enough to warrant more frequent submission or is an undue hardship for the employee. Upon submission of a proper expense report, employees will be reimbursed for routine, reasonable and necessary expenses incurred while conducting Company business.

**Documentation Requirements:**

 A daily record of expenses is required. All items listed on the expense report should show date, business location (city and state) and business purpose. Receipts must be attached for individual meals, entertainment, lodging, auto rental, cab fare, and commercial travel. Although receipts are not readily available for individual miscellaneous expenditures (gratuities, parking, baggage handling, etc.), employees are encouraged to submit receipts whenever possible. All receipts should be taped (not stapled) on letter size plain paper in chronological order. Original receipts are required for processing and they must be submitted with the completed employee expense and mileage summary form.

Additional requirements unique to a particular type of business expense are detailed in the appropriate sections that follow.

**Expenses Charged to Company by Employee:**

Certain expenses may be paid directly by the Company. Examples include such items as airline tickets, rental cars, hotel deposits and seminar registration. The fact that certain allowable business expenses may be paid directly by the Company does not relieve an employee from complying with the substantiation requirements of this policy (original receipts, airline tickets and other supporting documentation must be attached).

**Lodging:**

Lodging (if required) will be paid for by the Company. When a guaranteed reservation is made and the employee has a change of plans, every reasonable effort should be made to cancel the reservation on a timely basis.

In certain cities and locales, the Company may have negotiated discounted room rates with specific hotels, motels or apartments. Knowledge of these arrangements will reside with the Controller or Human Resource Department. Employees should make every effort to utilize such lodging in locations where these arrangements exist.

Should an employee need to pay for lodging expenses, the employee will be reimbursed the following pay period by check.

**Meals:**

When an employee is required to be away from home during meal periods, the employee will be reimbursed the cost of the meal based on the rules below:

All Sutter jobs:

Reimbursement will be made for the actual cost of the meals including reasonable gratuities. Meal expenses should not exceed more than **$55 a day (including tips): $10 breakfast, $15 lunch and $30 dinner**.  Tips should not exceed 20%. Any expense exceeding the maximum amount for an individual meal will be the responsibility of the employee. Charge only the limit on the company credit card. Amounts exceeding the limit should be paid for in cash or with a personal credit card. Receipts should include the diner’s name(s) and the meal breakdown, not just the total. Alcohol does not qualify for reimbursement and if ordered should be deducted from your expense reimbursement.

All other jobs:

Meal expenses should not exceed more than **$70 a day (including tips).**  Tips should not exceed 20%. Any expense exceeding the maximum amount will be the responsibility of the employee. Charge only the limit on the company credit card. Amounts exceeding the limit should be paid for in cash or with a personal credit card. Receipts should include the diner’s name(s) and the meal breakdown, not just the

total. Alcohol does not qualify for reimbursement and if ordered should be deducted from your expense reimbursement.

Note: Employees should use good judgment when incurring expenses on behalf of the company. Think of the expense as if it were your own.

 **Business Entertainment**

1. General
* Expenditures for entertaining individuals, other than employees of Unger, must be ordinary and necessary to be allowable and must meet Company standards for business conduct. The person(s) must have an influence on Company business or business activities and their entertainment should be “direct” or “associated” as defined in the following paragraphs (B) and (C), respectively.
* Employees may claim reimbursement for the business meals with Company employees away from home to the extent that their expenses are reasonable and necessary to the conduct of Company business.
* When faced with project/duty time constraints, management level personnel may claim reimbursement for a reasonable amount for business meals with other Company employees to facilitate the conduct of Company business. This is to be strictly interpreted and no reimbursement will be allowed for reciprocal meals not meeting this description.
1. Business Meals and Directly Related Entertainment

Reimbursement is allowed for ordinary and necessary business meal and entertainment expenses with person(s) outside the Company who have an influence on Company business. Business meals expenses must be directly related to business and incurred under circumstances conducive to a business discussion. Generally, a restaurant, hotel dining room or similar place would be considered conducive to a business discussion. Entertainment expense is directly related to business if the employee is actively engaged in a business meeting, negotiation, discussion or other bona fide business activity, other than the entertainment itself.

1. Associated Entertainment

Entertainment directly preceding or following a substantial and bona fide business discussion is associated with the active conduct of business and is reimbursable. Generally, the entertainment should occur on the same day the business associate arrives from out of town, on the day before or the day after the business discussion.

1. Documentation Requirements

When reporting expenditures for entertainment, the following should be shown on the expense report form per IRS regulations:

* Date
* Name and address or location of restaurant or other facility
* Name, title and company of the person(s) involved. Where the expenses are incurred for a large number of people readily identifiable as a particular group or individuals, the group itself may be identified and the number of participants rather than the individual participants.
* Business reason: The nature of the expected business benefit to be derived.

**Expenses of Spouse**

With advance approval of management, travel and related expenses of a spouse are allowable to the extent they are reasonable and necessary to the conduct of business. It is the responsibility of the employee to inform the Company of all spousal related charges.

**Transportation**

Every effort should be made to use the most practical and cost-effective transportation available. Reimbursement will be made for the following modes of transportation:

* Personal auto used for business will be given a company gas card to purchase fuel or will be reimbursed at the prevailing IRS mileage allowance. The IRS mileage reimbursement rate covers all vehicle expenses including gas, insurance, and depreciation.
* Rental cars. Please note rental cars should not be upgraded without prior management approval and additional insurance should not be purchased.
* Commercial airline travel will only be reimbursed for coach class unless approved by Management.

**Mileage for Business Travel**

Mileage expense applies for miles incurred for business travel during travel time. When traveling to a temporary business location directly from home or going from a temporary business location to home, the reimbursable mileage will be the lesser of: (1) mileage from primary business location to temporary site, or (2) actual mileage from home to temporary site.

###### EXAMPLE: Employee has a meeting at Sutter Roseville Hospital. Mileage from primary business location at 910 X Street to Sutter Roseville Hospital is 21 miles. Employee decides to leave directly from home.

1. Actual mileage from employee’s home to Sutter Roseville Hospital is 55 miles. Employee should claim 21 miles.

b) Actual mileage from employee’s home to Sutter Roseville Hospital is 10 miles. Employee should claim 10 miles.

If you stay overnight for business purposes and incur mileage between the hotel and the temporary business site, this mileage is also reimbursable.

**Dues to Professional or Technical Organizations**

Dues paid by employees for approved memberships in professional or technical organizations are reimbursable. Employees are limited to two (2) such approved memberships per employee per calendar year unless approved in advance by Management. Amounts claimed for reimbursement should be itemized on the expense report and substantiated by receipts.

**Training, Conferences and Seminars**

Registration fees or similar expenses for Company-approved training courses, conferences, seminars and conventions are reimbursable if approved by Management.

**Certifications and Testing Fees**

Testing Fees for Company approved certifications will be reimbursed upon a pass or fail score for the initial certification test only. Thereafter, employees will be responsible to pay for all testing fees that result in a failing score. The company will reimburse all testing fees that result in a passing score after the initial test.

**Moving Expenses**

If an employee is required to move their permanent place of residence due to a job assignment, the moving expenses must be reviewed with Management prior to incurring any costs if they are to be considered for reimbursement in accordance with IRS regulations.

**Donations or Contributions**

Donations or contributions are not reimbursable expense items without prior management approval.